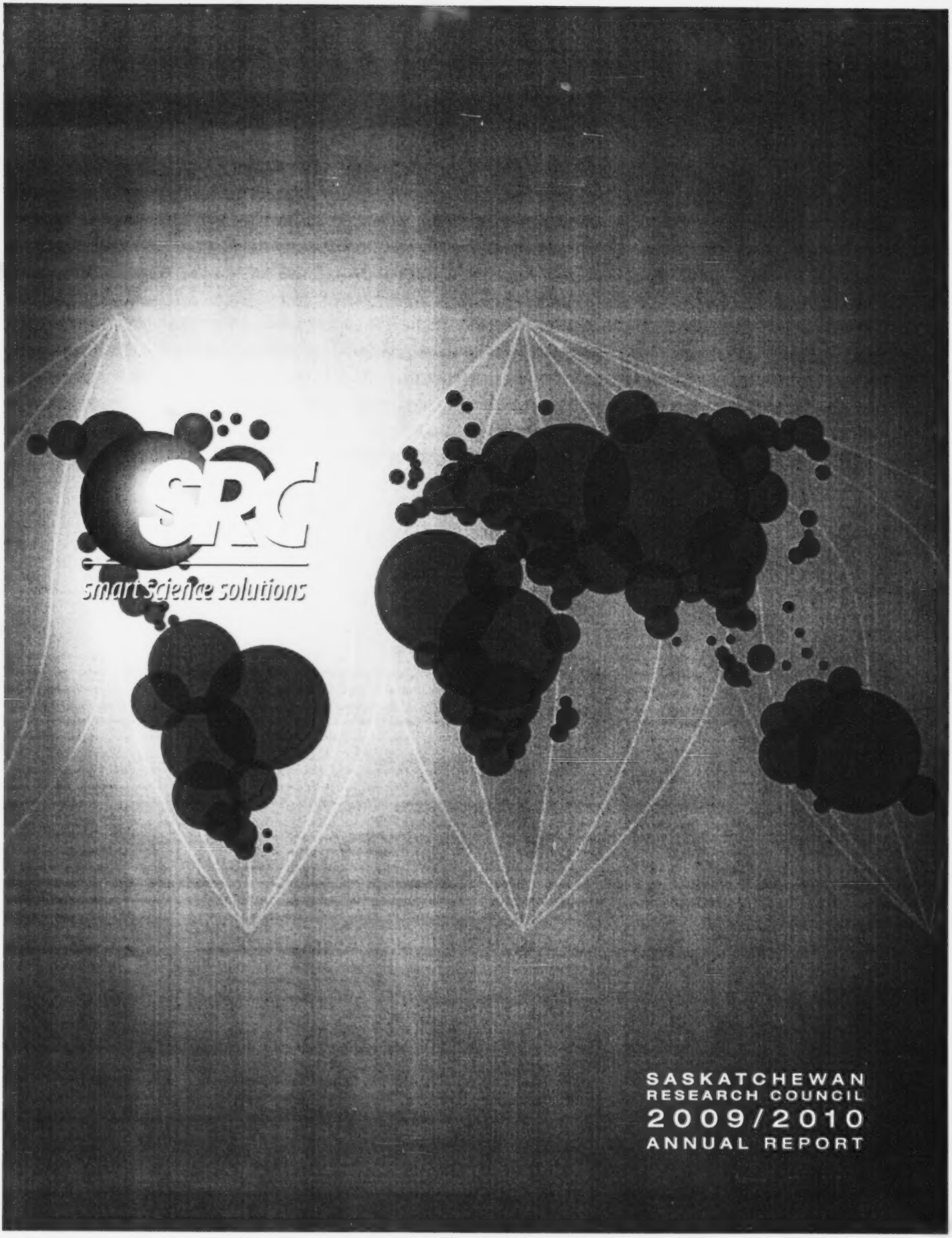


SASKATCHEWAN RESEARCH COUNCIL 2009/2010 ANNUAL REPORT

Letter of Transmittal

June 2010

Letter of Transmittal

To the Honourable Dr. Gordon L. Barnhart, Lieutenant Governor of Saskatchewan.

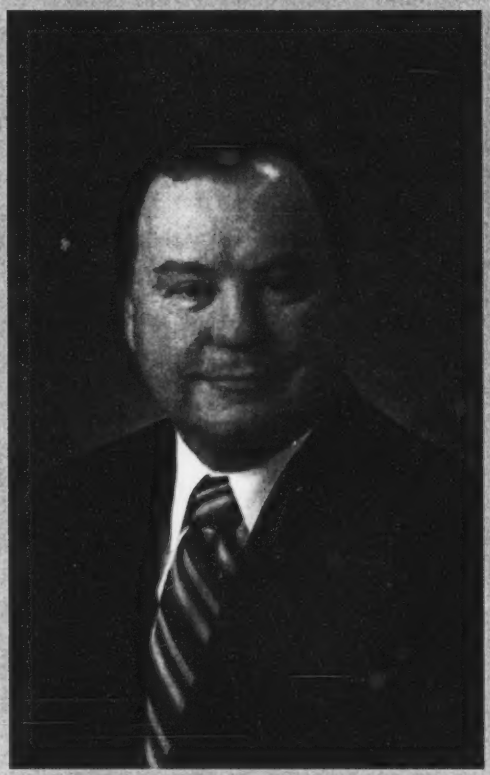
May it please your Honour:

The undersigned presents herewith, for your consideration, the report of the Saskatchewan Research Council for the year ended March 31, 2010.

Respectfully submitted,

Honourable Bill Boyd

Minister Responsible for SRC



Ready, Set... Grow!

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Message from the Chair

As we begin the second decade of the 21st century, I am reminded of a clichéd scene from countless Hollywood disaster movies. The calamity varies, but the camera shows survivors emerging from the rubble. They survey the wreckage around them, blink as the sun dawns and plan for rebuilding.

In the midst of a still fragile economic recovery, many emerging from the rubble of the worst recession in generations are half thankful they have survived, and half worried about what the future will bring. As I wrote in last year's report, SRC was comparatively unscathed. Yet we still felt some effects; it was inevitable, given the impact the recession has had on many of our clients.

Nonetheless, I can only describe SRC's performance during this period as outstanding. Under the stewardship of our President and CEO, Laurie Schramm, his Executive Team, and all of the individuals who work at SRC, our performance has outpaced most organizations within or outside of Saskatchewan. SRC continues to play a key enabling role in Saskatchewan's economic growth by supplying *Smart Science Solutions*™ to our industry, business, community and government clients.

It is easy to get caught up in these accomplishments; they are, after all, important and our people deserve congratulations. But I know they are the first to recognize that we are successful only when our clients are. When you think about it, it is a humbling responsibility. Taken alone, our solutions are by no means the only driver of success for a client. Many things go into business achievement, and we are just one part. Yet if we fail in our obligation to provide the best possible service, the consequences can be substantial. Like the global economic system, our relationships with clients, suppliers and other stakeholders form a complex web of mutual benefits and obligations. That reliance defines our role. In tough periods, we can provide solutions to turn the tide. In good times, we can help push clients to even higher levels.

The scope of our operations is broad, and touches on most of the sectors which are turning Saskatchewan into a Canadian economic leader. Whether it is petroleum, coal and minerals, agriculture, biotechnology, alternative energy, manufacturing or any of the other things we do, our smart people are providing smart solutions. These sectors would obviously exist without SRC. But it is not an overstatement to suggest they would be less successful without the contributions we have made for more than 60 years.

In light of the global economic crisis, it is easy to focus only on money issues. SRC operates in a unique space which lets us look to broader issues that are just as important to Saskatchewan residents. We exist on multiple planes. Our business units run with the efficiency and financial rigour required by any successful business operation in today's world. Yet we also have the flexibility to achieve our mandate of developing quality jobs and a secure environment. We are moving forward in corporate social responsibility by contributing to sustainable economic development and working with employees, their families, communities and society to improve their quality of life.

"In light of the global economic crisis, it is easy to focus only on money issues. SRC operates in a unique space which lets us look to broader issues that are just as important to Saskatchewan residents. We exist on multiple planes. Our business units run with the efficiency and financial rigour required by any successful business operation in today's world."

It takes effort to make this happen. As Chair, I was pleased with how the Board of Directors and the Executive Team worked together this year on high level forecasts and planning. This included free-ranging discussion on the hurdles that SRC might face in the future, together with plenty of "what-if" thinking to ensure we remain flexible and can change as quickly as our environment. We also reviewed risk in a much more disciplined way, enabling us to focus on the right things for the future.

Despite extreme market ups and downs, SRC has posted eight consecutive years of solid revenue growth. To me, this is less an indicator than an indication – an indication of how we are helping our clients. There is no more powerful signal that you are moving in the right direction than when clients ask you to do more. The respect they have for our work is gratifying, but it is no less than our respect for them and the conviction we have in making them the best they can be.

The upcoming year is going to be even more interesting. We are literally mapping our strategic vision and goals for the decade to come. When I think of how much SRC has changed since I joined the Board nine years ago, who knows where this organization will be in 2020? It will undoubtedly be different, but if the past is any guide, it will continue to be a remarkable resource for anyone who lives, works or invests in Saskatchewan.

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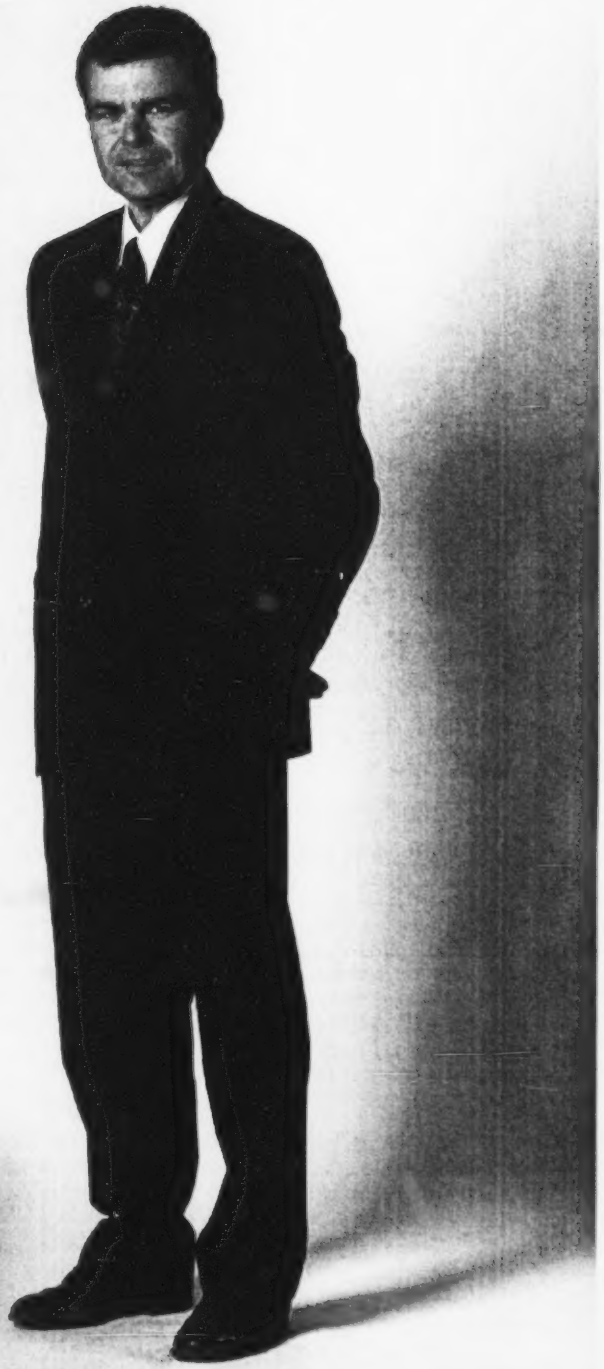

Message from the President

Ready, Set, Grow! *is the theme of our 63rd Annual Report. Of course, we really haven't stopped growing. Although SRC was hit hard by the effects of the economic recession, our pace of growth slowed but didn't actually stop or reverse in 2008/09 and in this past year, 2009/10, we were able to resume our double-digit pace of growth. The* ***Ready, Set, Grow!*** *theme is about our growing number of employees; it's about our growing number of clients and partners; it's a reflection of our sense of a dawning era of renewed growth in Saskatchewan; and it's about growing our positive impacts in society. As we proceed through 2010, SRC will have tripled its revenues and scope of operation since 2002. This is quite an accomplishment, and it's all due to our nearly 390 employees. Although we talk a lot about research, development, demonstration and commercialization of science-based solutions, it's really all enabled and delivered by the energy, dedication and talents of our employees.*

Safety is our overriding priority and with all this growth we continue to strive for leading-edge safety performance. Our injury rates decreased significantly this past year and according to our surveys, almost all of our employees are personally satisfied with the safety performance of SRC, and almost all employees feel empowered to take action to ensure their safety and that of others. Two of our major multinational clients conducted their own independent audits of our safety procedures in specific areas and praised SRC for our level of safety excellence.

In our continuing mission to help the people of Saskatchewan strengthen the economy with quality jobs and a secure environment, we supply the applied research, development, design, scale-up, demonstration, commercialization and technical services that industries need to capitalize on emerging market opportunities in our diverse economy. During the economic recession and the business slow-down that came with it, we added research tools that enhanced our capacity to serve clients as they recovered and began to thrive again. An example is our new, state-of-the-art electron microprobe and our ability to study and evaluate radioactive samples at the micro-scale. Although brought in and established to meet market-pull requests from industry, adding such tools generally pays us additional dividends by opening up new opportunities by which we can add value and contribute to economic growth. As Saskatchewan's economy recovers from the economic downturn, the province is set for industrial growth and we are well positioned to help industry grow and thrive.

As always, we are exploring several new frontiers, from developing more environmentally friendly ways to develop non-renewable resources, to developing ways to turn renewable waste biomass into energy, fuel and products. Here are some highlights of what SRC has accomplished and how we are improving to achieve even more.

In **fossil energy,** we continue to develop oil recovery and transportation technologies that will improve efficiency while reducing such adverse environmental impacts as energy and water use. One example is our current work aimed at ensuring that oil companies have the information and advice they need to use waterflooding to effectively further develop mature heavy oil reservoirs. Our Saskatchewan Oil Sands Industry Support team has just installed a new 3-D thermal/solvent-vapour extraction physical model.

This unique-in-the-world research and development tool is designed to bring Saskatchewan oil sand reservoir conditions into the laboratory, at a large scale, to study and optimize *in situ* bitumen extraction processes.

In **agriculture and biotechnology**, we are helping industry to pursue added value in both new and established crops. Our GenServe Laboratories™ is now providing both animal and plant genomics testing services, has a DNA-based test to certify midge resistant wheat blends and is continuing the development of a DNA-based test to identify wheat varieties and classes. GenServe is also the most recent of our laboratories to embark on the ISO

"Although we talk a lot about research, development, demonstration and commercialization of science-based solutions, it's really all enabled and delivered by the energy, dedication and talents of our employees."

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accreditation process. Our Saskatchewan Bioenergy Systems Industry Support team continues to work with Canadian and U.S.-based partners to develop and demonstrate technologies for the conversion of waste and by-product biomass, like straw, branches, bark and sawdust, into energy, fuel or other products. Our Health and Food Business Unit just marked the 10th anniversary of the SRC Fermentation Pilot Plant and continues to develop, demonstrate and commercialize vaccine processes, and has recently become engaged in testing a robotic solution for filling injectable human-use drug and vaccine dosages that is of interest to the broader pharmaceutical industry.

We are supporting **alternative energy and manufacturing** by developing alternative fuel technologies for communities and manufacturers. We are helping building owners implement cogeneration to generate combined heat and power, and we are helping wind energy manufacturers, installers and community clients find out which small-scale wind energy products can provide effective solutions in different situations.

As our **minerals** sector heats up again, we have launched a new Advanced Microanalysis Centre™, one of Canada's best-equipped geological analysis laboratories, expanded our diamond geoassay capabilities at both laboratory and pilot-processing scales and we are now actively pursuing research on ways to make mining and processing oil shale from Saskatchewan's Pasquia Hills region more cost-effective.

Developing ways to turn **forest** by-products and wastes into energy and fuels is just one aspect of our work in support of the forestry sector. We now monitor Saskatchewan's Island Forests and manage how they are harvested, and with our new partner, the Conservation Learning Centre (located near Prince Albert, Saskatchewan), we have access to a field laboratory for boreal forest research. This will provide a huge opportunity for our willow biomass work, which is aimed at learning whether willow trees could be grown in short rotation and used as a green, renewable feedstock for bioenergy production.

We also work closely with our clients to help preserve and improve Saskatchewan's **environment**. We continue to conduct air emissions monitoring and plume modelling to help industries with environmental compliance. In Project CLEANS, our multi-year initiative to assess and clean up abandoned uranium mines in northern Saskatchewan, we started to clean up another six satellite mine sites. Meanwhile, SRC climatologists completed a new study on how climate hazards will affect the Prairies. In fact, about 67 per cent of all SRC projects had a significant environmental and/or social benefit component last year.

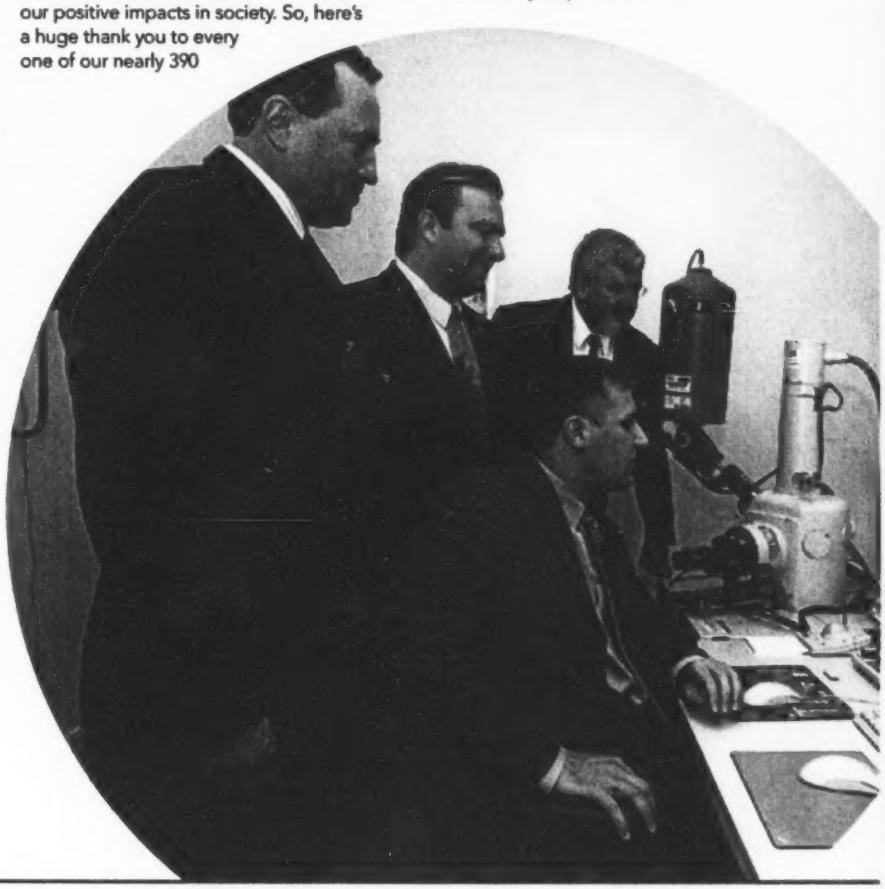
Ready, Set, Grow! is not about numbers and 'bragging rights'; it's about growing so that we can achieve greater positive impacts from our work. As Saskatchewan's premier provider of applied research, development, demonstration and technology commercialization, success for us means creating and demonstrating positive impacts for Saskatchewan. Our annual economic impact assessment shows that we again achieved exceptional impacts this past year with over $542 million in direct economic benefit to the province plus over $54 million worth of jobs created or maintained. This means that for every dollar invested in SRC, we generated a 36-times return. As far as we know, this is an unparalleled record in Canada.

We strive to enhance these strong economic impacts by providing *Responsible Science Solutions™* to help ensure a safe, secure and sustainable environment. Last year we undertook more than $26 million in projects aimed at creating positive environmental and/or social impacts. This work contributed to at least 10,000 tonnes of greenhouse gas emissions reductions and energy savings of over 27 million kWh/year. We also partnered in several projects that resulted in positive social impacts, such as increased safety and security, enhanced quality of life and skill development.

It's very appropriate that our final substantial business transaction of the fiscal year involved an agreement with the Ministry of Environment under which Go Green funding is being provided to enable us to continue to work closely with the Cowessess First Nation to develop and demonstrate high-level wind energy generation and storage technology. This has the makings of a "classic" SRC initiative, one in which we can use advanced technology development and demonstration to meet a market-pull industry need, enhance sustainable economic development by advancing a green renewable energy supply and partner with a local community to help them improve their economic health and quality of life. It is our privilege to be able to work with Cowessess First Nation on this.

Our successes are the result of exemplary achievements by dedicated people. I thank our employees and our Board of Directors for their enthusiasm, patience, creativity and contributions. I also thank our Vice-Presidents, Managers and Supervisors, who continue to learn, grow and develop with me as we collectively strive to appropriately manage our opportunities and risks. We again achieved our key short-term business objectives including maintaining almost perfect overall client satisfaction, reinvesting in our people, tools and infrastructure and protecting the bottom line, while still keeping an eye on strategy and building for the long-term. Again we ended the year more visible, stronger, better managed and better positioned strategically than we entered it. I remain so proud of our people that it's difficult to properly articulate.

As I said at the outset, **Ready, Set, Grow!** is about our growing number of employees; it's about our clients and partners; it's about growth in Saskatchewan and it's about increasing our positive impacts in society. So, here's a huge thank you to every one of our nearly 390 employees for your energy, dedication, integrity and talents. You spend most of your lives at work and I thank you for choosing to work at SRC. I would also like to thank our 1,950 clients and partners for their support and commitment to mutual success. We are successful when you are successful. Working together, we can continue to unlock the tremendous potential that remains latent in Saskatchewan. With *Smart Science Solutions™* and *Sustainable Science Solutions™* we can unlock this potential in ways that are economically efficient, sustainable and socially and environmentally responsible.



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Board of Directors

LEFT TO RIGHT John Cross, Peta Bonham-Smith, Lee Wilson, Shelly Lipon, Laurier Schramm (Secretary), Craig Zawada (Chair), Doug Kelln (Vice-Chair), Kathy Palidwar, Patsy Gilchrist

Executive Team

BOARD OF DIRECTORS

PRESIDENT
Laurier Schramm

CHIEF FINANCIAL OFFICER
Crystal Smudy

AGRICULTURE, BIOTECHNOLOGY and FOOD
Dale Kelly, Vice-President

ALTERNATIVE ENERGY and MANUFACTURING
Craig Murray, Vice-President

ENERGY
Ernie Pappas, Vice-President

ENVIRONMENT and FORESTRY
Joe Muldoon, Vice-President

MINING and MINERALS
Craig Murray, Acting Vice-President

BUSINESS VENTURES and COMMUNICATIONS
Wanda Nyirfa, Vice-President

FINANCE, SAFETY and RISK
Crystal Smudy, Vice-President

ORGANIZATIONAL EFFECTIVENESS
Toby Arnold, Vice-President

LEFT TO RIGHT Toby Arnold, Craig Murray, Dale Kelly, Crystal Smudy, Laurier Schramm, Joe Muldoon, Ernie Pappas, Wanda Nyirfa

2009/2010 Highlights

Our annual economic impact assessment shows that we again achieved exceptional impacts this past year with over $542 million in direct economic benefit to the province plus over $54 million worth of jobs created or maintained. This means that for every dollar invested in SRC, we generated a 36-times return. As far as we know this is an unparalleled record in Canada.

1,950

We served more than **1,950** clients and partners.

$542M

Our annual economic impact assessment shows that we provided over **$542 million** in direct economic benefits to the province.

$54M

Our work created or maintained **$54 million** worth of jobs.

x36

We generated a **36-times** return for every dollar invested in SRC.

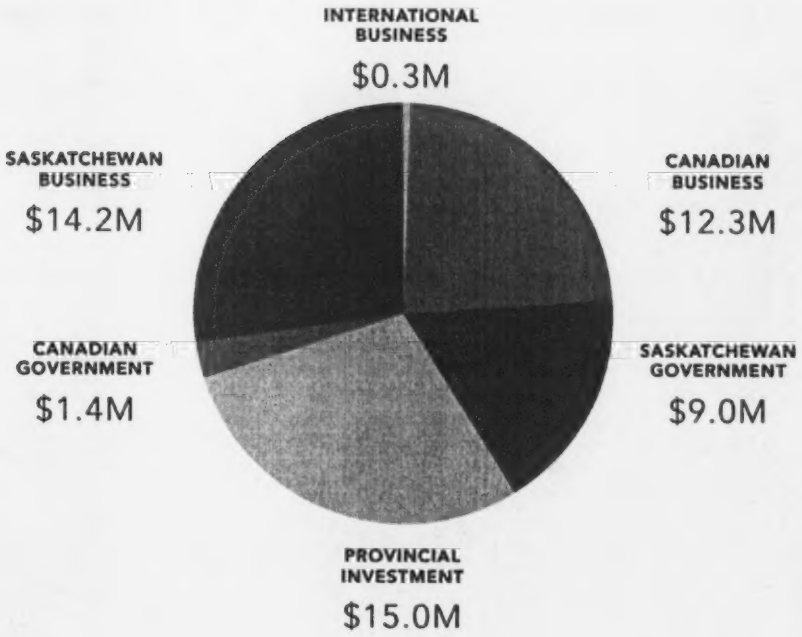
$26M

We undertook more than **$26 million** in projects aimed at creating positive environmental and/or social impacts.

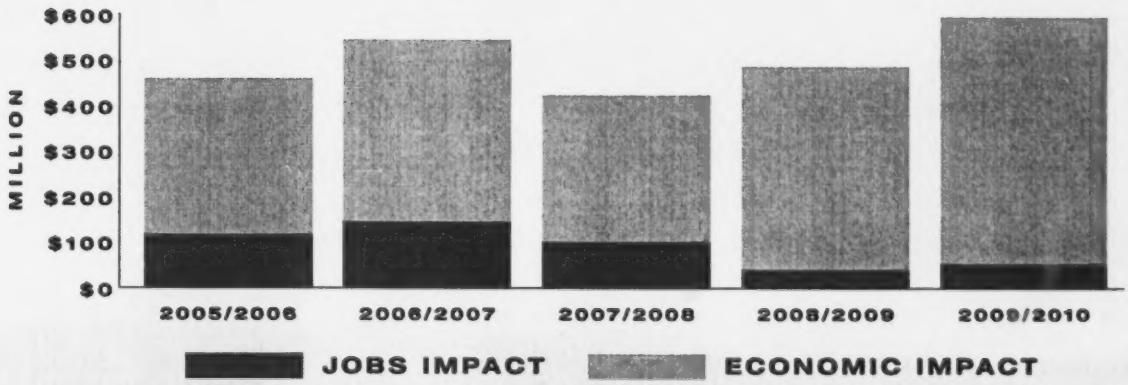
10,000

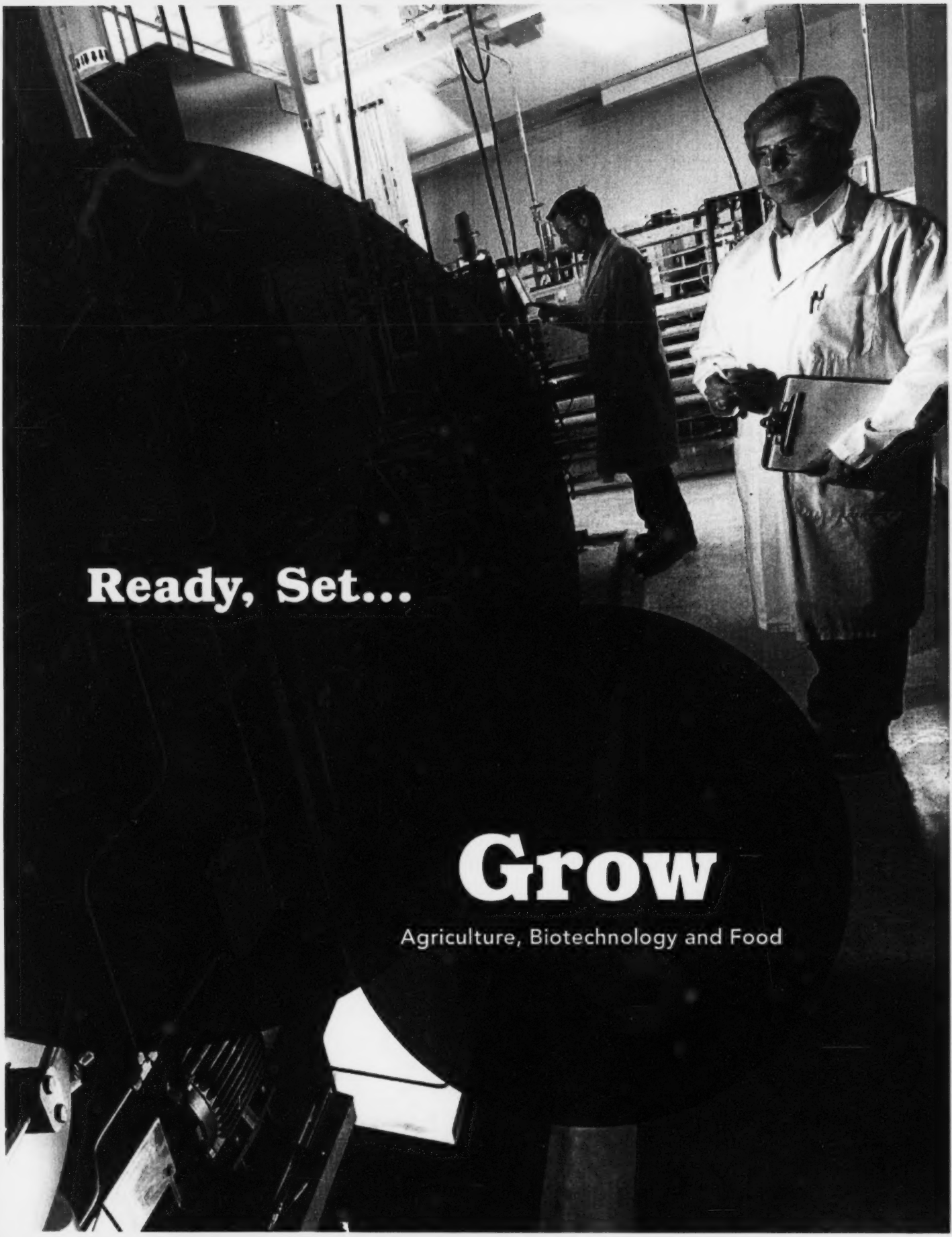
Our work contributed to at least **10,000** tonnes of greenhouse gas emissions reductions and energy savings of over 27 million kWh/year.

REVENUE SOURCES 2009/2010



SRC'S ECONOMIC IMPACT ON SASKATCHEWAN




Ready, Set...
Grow
Agriculture, Biotechnology and Food

Labs chart new course in DNA mapping

Genomics involves mapping genes and their DNA sequence. Last year, SRC GenServe Laboratories™ began mapping out a new identity that now includes a wider range of services backed by additional cutting-edge equipment.

"GenServe is now a modern genomics lab with a full range of services for the plant and animal industries," shares Dr. Colette Jako, a Lab Manager for GenServe Laboratories™. "We've added new equipment and are now using new technologies in combination with the experience that we've acquired over the last 30 years."

Over the last year, GenServe Laboratories™ has brought in two new scientists, four technicians and four leaders to deliver new tests for genetically modified organisms (GMOs), midge tolerant wheat and DNA-based wheat identification in addition to its regular animal testing.

DNA-based wheat ID test closer to being market-ready

SRC GenServe Laboratories™ is also developing a DNA-based test that can identify other wheat varieties.

Using technology designed by Agriculture and Agri-Food Canada (AAFC) scientists and later licensed to SRC, the DNA-based wheat identification tests under development may provide a cost-effective and consistent way to distinguish between different wheat varieties and classes in a 24-hour turnaround time period. They could also assist in filling the gap created when the Kernel Visual Distinguishability (KVD) test was removed in 2008 as a wheat class identification tool and requirement for registration.

If these DNA-based tests become available, they will allow grain handling companies to verify the variety and class of wheat they are selling to customers around the globe.

Last fall, the pursuit to bring these new tests to the grain industry received a boost when the Government of Canada announced an investment of up to $4.28 million over five years through a cost-sharing agreement with SRC under AAFC's AgriFlexibility Fund.

The federal and provincial governments also announced a shared investment of $1.48 million through the Canada-Saskatchewan Western Economic Partnership Agreement (WEPA). This funding has allowed SRC GenServe Laboratories™ to purchase equipment, software and scale up its testing process.

"This federal-provincial funding brings SRC a step closer to offering a commercial wheat DNA test," said Dr. Laurier Schramm, SRC's President and CEO, at a news conference announcing the funds. "SRC is dedicated to proving out the technology and, if viable, offering this service to help the agriculture industry maintain Canada's brand reputation for high quality products and competitiveness in international grain markets."

GenServe test offers pest control for wheat

The wheat midge fly is about half as big as a mosquito, but it's a super-sized problem for prairie wheat growers.

In 2006 alone, the small orange fly caused nearly $40 million in damage to prairie wheat crops according to the Midge Tolerant Wheat Stewardship. An average wheat grower saw losses from $20 to $75 per acre.

On the bright side for these growers, in spring 2010, they will be able to buy new midge tolerant wheat varieties containing a gene that causes the midge's larvae to starve. To ensure that wheat midge flies don't develop a resistance to these new varieties, growers are being asked to plant a blend of midge resistant varieties with other wheat varieties.

SRC GenServe Laboratories™ is providing a testing service that uses DNA technology to certify that growers are using the right blend of midge resistant wheat. Todd Hyra, a Business Manager for SeCan, the largest supplier of certified seed to Canadian farmers, says this service will go a long way toward fighting wheat midge infestation.

"Midge tolerant wheat is one of the most exciting technologies that we've seen come along in the last 50 years," shares Hyra.

"Everything we can do to preserve and protect this technology for wheat producers is important, and so having an accurate, affordable test provided by SRC GenServe Laboratories™ is a key part of that and a critical part of the certification process."

"We've added new equipment and are now using new technologies in combination with the experience that we've acquired over the last 30 years."

Dr. Colette Jako, GenServe Laboratories™, Lab Manager

Bioprocessing fuels opportunities

Ethanol plants are becoming more common on the Prairies—there are five in Saskatchewan alone—but the budding industry is still searching for more efficient ways to produce this promising fuel.

SRC Agriculture, Biotechnology and Food's Bioprocessing Business Unit is leading initiatives to cultivate better processes to convert excess biological material called biomass into ethanol.

Catalyzing better ethanol conversion

SRC's Bioprocessing Business Unit is using $2.1 million in funding from the provincial Go Green Fund to develop a commercially-sustainable process to transform biomass into ethanol.

The team has focused on a thermochemical conversion process that heats biomass until it produces syngas, a synthetic gas mixture of carbon monoxide and hydrogen. The syngas is then transformed through a catalytic process at high temperatures and pressure to produce ethanol.

Since 2005, SRC has worked with Nipawin Biomass Ethanol New Generation Co-operative to develop a made-in-Saskatchewan catalyst and conversion process that will yield more than 500 litres of ethanol from one tonne of dry biomass.

To test their catalyst technology, SRC and Nipawin Biomass partnered with Fulcrum Bioenergy, a U.S. company that established a pilot plant to hone a thermochemical conversion process for ethanol. Fulcrum's TurningPoint Ethanol Demonstration Plant in Durham, North Carolina, is pilot testing and demonstrating catalysts developed at SRC's bioprocessing laboratory to convert synthesis gas into ethanol.

"Utilizing the catalyst technology developed by SRC, our TurningPoint Ethanol Demonstration Plant has successfully demonstrated the economic viability of converting synthesis gas to ethanol. This is truly a watershed event for both Fulcrum and the biofuels industry," says E. James Macias, Fulcrum BioEnergy's President and CEO.

The SRC Bioprocessing Business Unit is concentrating on improving the catalyst's productivity to minimize the cost of producing ethanol in a thermochemical conversion plant, says Darren Anweiler, the Business Unit's manager.

"The way these catalysts work is that if they are more productive, the equipment can be smaller and the process cost shrinks."

Ultimately, the Bioprocessing Business Unit aims to refine catalyst technology to provide the foundation for a Saskatchewan-based plant.

"If you can show that this technology works in a commercial plant, then getting a commercial plant in Saskatchewan becomes that much more viable," shares Anweiler.

Research network expanding biofuel prospects

While perfecting conversion catalysts and processes will go a long way toward advancing ethanol, the industry is looking for other ways to improve every part of ethanol production operations.

To boost their profitability, more ethanol plants are investigating new feedstock options, coproducts and process technologies. They are also looking at the integration of feedlots, ethanol plants and biodigesters that convert methane from feedlots into power and heat for ethanol plants.

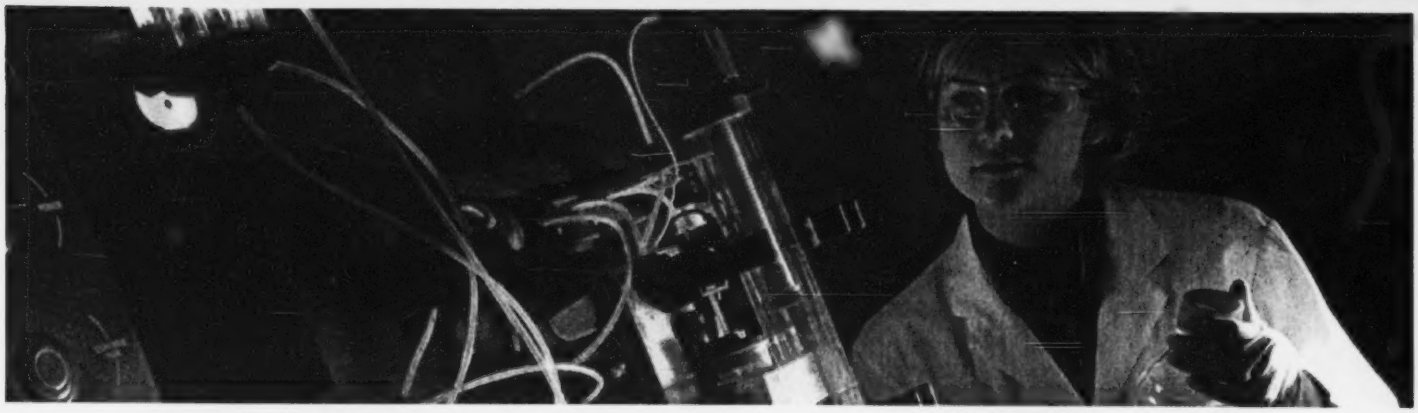
The Feeds Opportunities from Biofuels Industries (FOBI) network—a research consortium that includes private sector, government and universities—was created to find and share these solutions with the ethanol industry. Launched in 2008, the network is receiving $5.5 million from Agriculture and Agri-Food Canada to undertake applied research projects over three years.

Anweiler is co-managing the network's value-added group, which includes four engineers and scientists from across SRC who are assessing new technologies and products and their integration within ethanol plants.

As part of this value-added research, SRC Research Scientist Dr. Miguel Providenti is exploring if treating the bran portion of wheat with enzymes and microorganisms can improve production. Cindy Jackson, another SRC Research Scientist, has been preparing a process to convert cellulose from straw into ethanol by pre-treating the straw with carbon dioxide at supercritical conditions where gas and liquid phases are identical.

Meanwhile, SRC Bioprocessing Engineer Erin Powell is teaming up with several commercial partners to develop a computer process model of an integrated ethanol fermentation plant, cattle feedlot and biodigester to assess energy efficiency and the impact of new technologies. Monique Wismer, an SRC Ecosystems Associate Scientist, has been examining the environmental effects that conventional ethanol plants have compared to integrated ethanol plants.

"Our researchers are not only developing new process technologies, but are also looking holistically at the economic and environmental impact these technologies have on standalone and integrated facilities," Anweiler concludes.



Healthy growth for SRC Health and Food

The past year has provided SRC's Health and Food Business Unit with ample reasons to celebrate.

To begin with, 2009 marked the 10th year that the Fermentation Pilot Plant operated by Health and Food has been serving biotechnology clients.

Constructed with grants from the federal and provincial governments, the $4.8 million plant officially opened in spring 1999. The 4,300-square-foot Biosafety Level 2 plant was welcomed by the province's biotechnology sector, which lacked a fermentation and processing facility that could provide intermediate-scale research and development support.

"In our province, we have quite a remarkable ability to recognize trends and to gather the resources needed to support those trends," says John Cross, former President of Philom Bios, an inoculants company that was one of the plant's first clients.

"The SRC Fermentation Pilot Plant is an excellent example of that," adds Cross, who now sits on SRC's Board of Directors.

Since opening its doors, the Fermentation Pilot Plant has grown its business to include contract manufacturing of veterinary biologics and biopharmaceutical products. In the process, the plant has also broadened its client base.

"We're focusing our business to meet the market demand of small start-ups across the United States, Canada and in the broader, global marketplace, whereas in the past we focused mostly on Saskatchewan," says Amy Friesen, a Research Scientist in SRC's Agriculture, Biotechnology and Food division.

After assisting countless clients and helping create one of the first live animal vaccines produced in Canada during the past decade, the SRC Fermentation Pilot Plant continues to look for ways to bring value to its business clients.

"At this important time, the name of the game, and our challenge for the Fermentation Pilot Plant, is to tap deeper into the market demand for what we have to offer," says Dr. Mike Whiting, Health and Food's Manager. "With very powerful biotechnologies at our disposal, we can do great things if we are strategic in how and where we apply technology."

Demonstrating new vaccine and pharmaceutical technologies

This historic milestone was only the beginning of a year that brought new opportunities to the Health and Food Business Unit.

Last fall, the Business Unit made headlines with two projects that are making the most of its expertise in testing and piloting new equipment for filling and finishing products for the animal and human health industries.

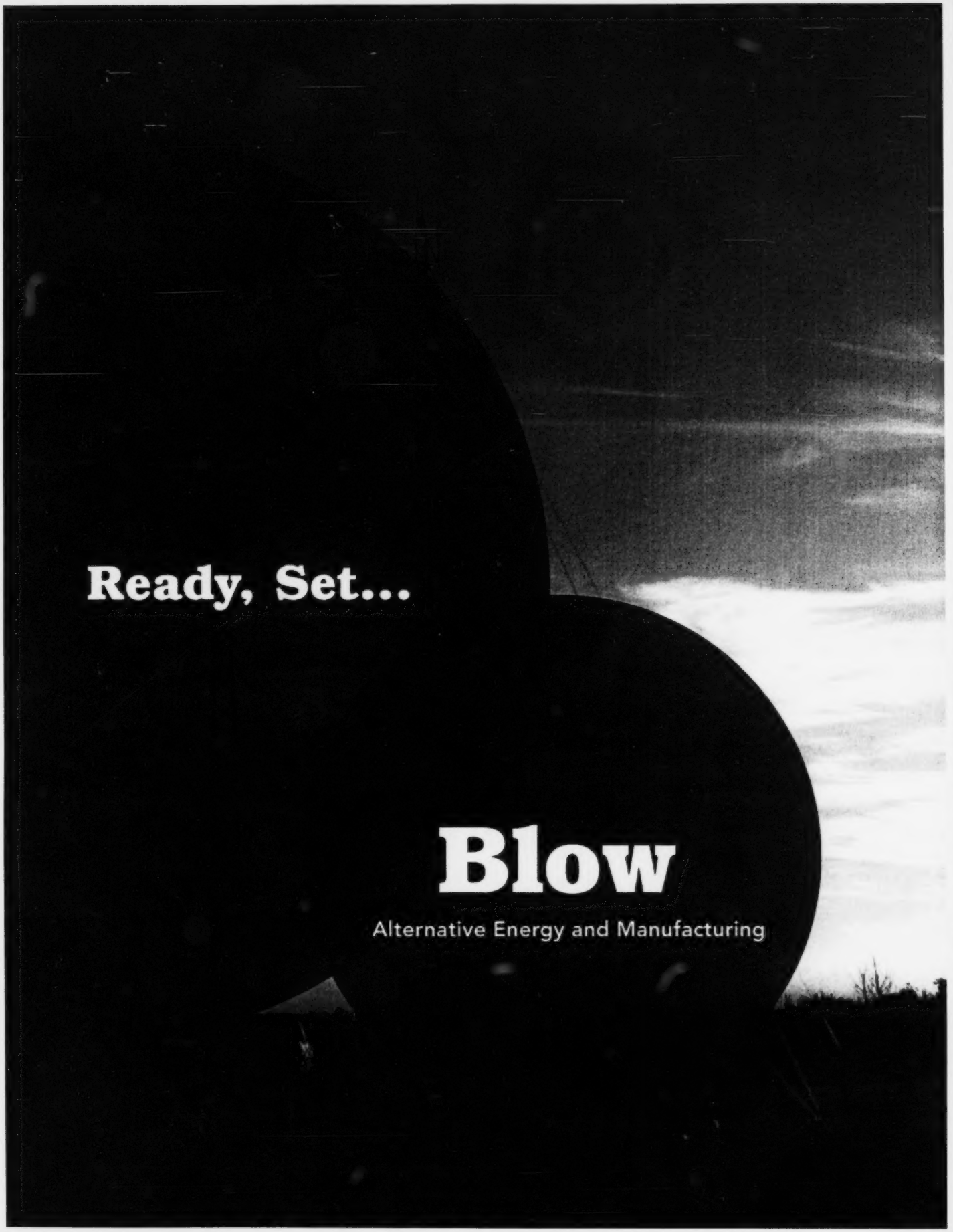
Health and Food has partnered with Burnaby, B.C.-based Vanrx PharmaSystems to test the company's robotic solution for filling injectable human-use drug and vaccine dosages. This system stands to offer pharmaceutical manufacturers an automated alternative to the current process of hand-filling products while addressing and improving on sterility, safety and economic concerns of operators.

The Vanrx RAPTOR system is being tested by SRC's process development experts who will provide a third-party evaluation of the equipment's sterile filling performance.

Health and Food was also contracted by Vancouver-based EnWave Corporation last fall to provide a third-party evaluation of its freezeREV® technology, an alternative to lyophilization, or freeze drying. Originally developed for the food industry, EnWave has modified their microwave-based process for pharmaceuticals and vaccines.

SRC will be conducting a side-by-side comparison of the freezeREV® in-vial dehydration system against traditional freeze drying for vaccines. The current testing will be on E. coli, but EnWave hopes to test the equipment's suitability for preparing monoclonal antibodies and other therapeutics.

"While the technology has proven effective for a variety of proteins including viruses, antibodies and bacteria, we are looking forward to testing the machine on a new vaccine in order to further prove the concept of freezeREV," said Dr. Tim Durance, EnWave's Chairman and co-CEO. "Additionally, we are saving the company many hundreds of thousands of dollars by eliminating the need to build a laboratory capable of handling pathogenic material and instantly acquiring access to the highly-trained scientists and engineers at SRC."


Ready, Set...
Blow
Alternative Energy and Manufacturing

Wind power study generating solutions

If you've ever faced Saskatchewan's brisk prairie winds, you might be surprised to learn that wind turbines installed to provide power have not always delivered the efficiencies that their owners expected.

That's what Kelly Winder, a Research Engineer at SRC, found when he spoke with Saskatchewan residents who had small wind turbines installed through the Net Metering program that SRC delivers for the provincial Go Green initiative and SaskPower's Eneraction program.

Through the Net Metering program, power meters are installed to measure energy from customers using energy production devices to generate their own electricity. If a customer generates more electrical power than they consume, they can use that electricity to offset their electricity costs.

To find out why small wind turbines were not performing as well as expected, Winder proposed that SRC and partners in the renewable energy industry launch a study to get some answers.

What started out as a small-scale study sponsored by SRC's internal Innovation Fund ended up drawing attention and support from across the industry. Winder is now leading a larger study with over $400,000 in combined funding from Natural Resources Canada, SaskPower, Go Green Saskatchewan and SRC.

"What I'm hoping to do is try to figure out what are the problems, what are the things that are working and not working and what can we do to fix them," explains Winder.

As part of the study, SRC's research team is setting up 10 monitoring sites around Saskatchewan to gather data on wind turbine placement, installation, reliability and performance.

Winder has also enlisted the Wind Energy Institute of Canada (WEICan) to assist in collecting and analyzing data from the test sites. WEICan will take that data and feed it into computer models that measure wind turbine performance at each site using the same software that evaluates large-scale wind farm sites. The computer models factor in the wind levels, terrain contours and any potential obstructions to calculate how much power should be generated at the test sites.

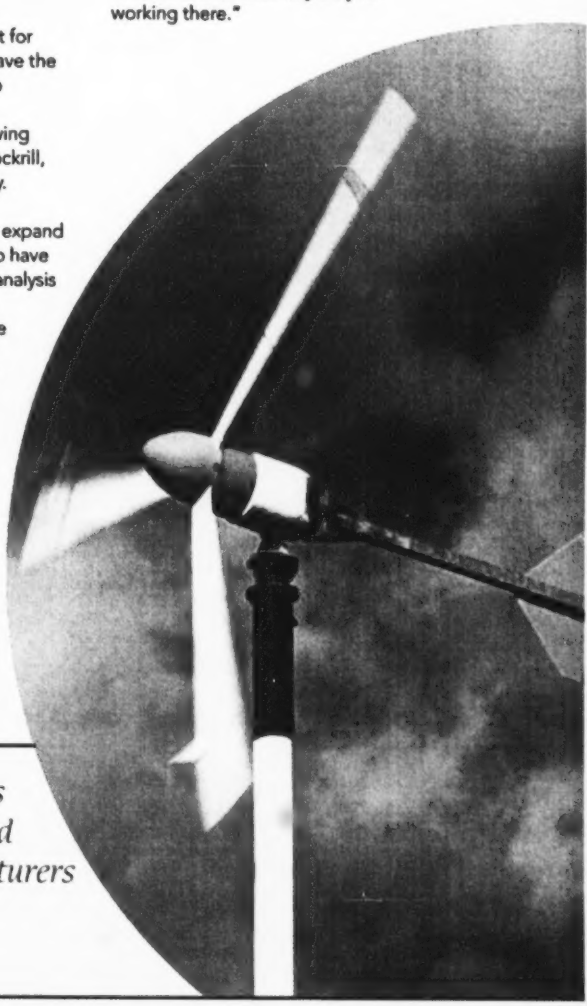
This real-life analysis is important for consumers who do not always have the technical background needed to evaluate claims made by new manufacturers entering the growing small wind industry, says Paul Dockrill, WEICan's Director of Technology.

"To have this [small wind] market expand in a positive way, projects need to have proper siting and wind resource analysis so that payback expectations for turbines with proven performance are realistic," says Dockrill. "This will be an independent, in-depth study to standards that would not be feasible for an individual installing a small wind turbine."

As Winder and his research colleagues collect more data over the next few years, they will provide recommendations to scientists and engineers in Canada's wind energy industry as well as to businesses that sell and install the wind turbines.

David Anderson, an Alternative Energy Engineer for Saskatoon-based wind turbine retailer Solar Outpost Inc., says the study will provide the data and recommendations needed to answer questions that clean energy businesses and customers have been asking for years.

"Studies like this one could help companies like ours and customers figure out which products work in which locations and why they're working there."



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Paul Dockrill, WEICan's Director of Technology.

Combining heat and power

SRC is undertaking a pilot project that offers residential and commercial building owners another path to improving power and heat efficiency while reducing their environmental impact.

With support from SaskEnergy, SaskPower and Natural Resources Canada's CanmetENERGY research centre in Ottawa, SRC is helping implement and test combined heat and power (CHP) systems, or cogeneration systems, to generate heat and power at the same time.

"The biggest driver is looking at how we can use energy more efficiently to produce both electricity and heat in a building," says Shawn Wedewer, a Research Engineer in SRC's Building Performance Business Unit.

The pilot project was launched to reduce the overall energy consumed by heating and powering both commercial and residential buildings.

In conventional power plants, heat from electricity generation is released into the atmosphere in combustion exhaust. Rather than letting this heat go to waste, combined heat and power systems capture that heat and use it to heat spaces or provide hot water in a building.

While this technology has been around for years, it has predominantly been used in large industrial plants. SRC is testing equipment for small-scale business and residential use.

"Saskatchewan does have some larger cogeneration applications. The upgrader in Lloydminster is one good example. But we're trying to bring this technology down to a building owner level," Wedewer notes.

This past year, SRC began field testing a natural gas combined heat and power unit in a commercial building owned and operated by Regina-based Inland Metal. This project is only the beginning as SRC plans to grow the project to include residential tests in the future. The goal is to monitor each CHP unit for a year to establish the technology's costs, benefits and barriers to determine if there is a market in Saskatchewan.

One of the project's partners is already confident there is a future for combined heat and power technology here.

The pilot project was launched to reduce the overall energy consumed by heating and powering both commercial and residential buildings.

"I believe that there is a market for this technology in Saskatchewan. SaskEnergy receives inquiries from customers looking for natural gas generators—this will be a step towards being better able to recover waste heat and put it to use," shares James Gates, a Senior Engineer with SaskEnergy. "Our climate should be one of the best for this technology. When there is a call for heat, the equipment starts and produces electricity and heat. The longer it runs, the faster it pays for itself."

Conventional power plants have an estimated efficiency rate of 30 to 35 per cent, but up to 90 per cent of the energy is captured and used at the consumer's facility in a combined heat and power system. This improves the overall system's efficiency by 60 to 70 per cent compared to the current system for creating the same amount of electricity and heat.

These efficiency savings also provide an environmental benefit by reducing greenhouse gas emissions by 50 to 75 per cent in each installation. And if combined units were installed more widely across Saskatchewan, they could play a role in alleviating some of the pressure being placed on the province's electrical supply.

But at the end of the day, CHP could mean lower-cost, more reliable power and heat for building owners and rural residents who may experience service interruptions.

"These systems have an added benefit in that they are intended to supply emergency heating and electricity backup," says Wedewer. "For a business that has a high dependency on a steady, consistent power supply, this is an ideal system."

SRC paves the way for Smart Fuels Highway

After paving the way for hydrogen fuel technology, SRC and its partners began the Smart Fuels Highway™ project in spring 2007 to demonstrate a hydrogen fuelling station and vehicles in Saskatchewan.

Since 2004, SRC's Alternative Energy and Manufacturing division has been designing and testing Dual-Fuel™ systems in GMC trucks that can use both hydrogen and gasoline or diesel. The Smart Fuels Highway™ demonstration project is officially being launched in 2010 by opening a hydrogen fuelling station on a SaskEnergy commercial fuelling site in Saskatoon.

The fuelling station consists of a compression module, high-pressure storage assembly, controls, safety mechanisms and a fuel dispenser that looks similar to a traditional fuel pump. There were many challenges in developing this new system, says Sheldon Hill, who manages the project for SRC.

"Being on the research and development side, there were a lot of unknowns going into this project."

The project began with funding from the Government of Saskatchewan, Natural Resources Canada (NRCan), SaskEnergy and SRC's internal Innovation Fund.

After searching for the right industrial partners, SRC engineers designed a system that takes hydrogen leftover from a chemical production process at ERCO Worldwide's Saskatoon plant and transfers it through a short pipeline to a loading station at chemical company AkzoNobel's nearby plant.

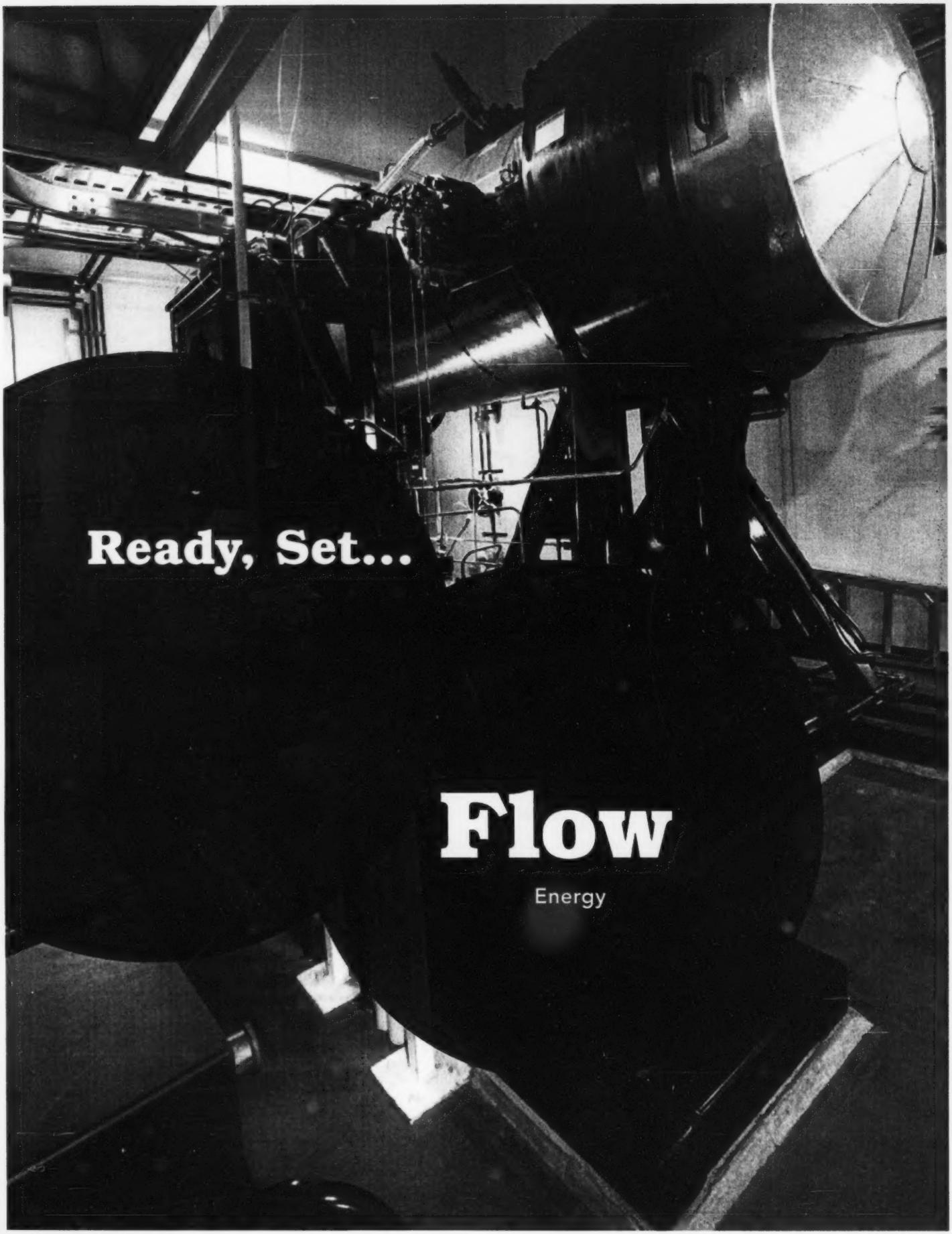
There the hydrogen is dried, compressed and injected into tube trailers on a semi-truck that makes its way to SaskEnergy's commercial fuelling station in north Saskatoon. Over the next two years, SRC's four Dual-Fuel™ hydrogen trucks and SaskEnergy's three hydrogen-powered trucks will fill up at this site, which has the capacity to fuel up to 30 hydrogen vehicles.

Rick Schafer, Manager of SaskEnergy Operations Planning and Maintenance, has worked with SRC on past alternative fuel projects, including building a natural gas vehicle fleet for SaskEnergy and promoting natural gas Zambonis in Saskatchewan rinks. He sees the Smart Fuels Highway™ project as another way for SaskEnergy and the other project partners to show their commitment to alternative fuel and the environment.

"We want to demonstrate to the people of Saskatchewan that SaskEnergy is a green corporate citizen," shares Schafer. "We're trying to be more environmentally friendly to show people that the natural gas industry is working on solutions to conserve and use energy more efficiently."

During the demonstration project, SRC will monitor both the fuelling station and the vehicles to record reductions in environmental pollution and greenhouse gas emissions as well as demonstrate the fuelling station's safety and long-term potential.

Hill believes the demonstration project will help SRC and its partners determine the costs for fuelling and maintaining hydrogen vehicles in a commercial fleet as well as finding the right size of system to make the economics work. It will also allow SRC's engineers to prove the reliability, durability and emission reductions over the life of the Dual-Fuel™ vehicles they are testing.


Ready, Set...
Flow
Energy

3-D physical model brings oil sands into view

Beneath a pale orange glow from an SRC laboratory's explosion-proof lights stands a towering steel tube that, at 27,000 kg, weighs as much as a dozen pick-up trucks.

Though it is difficult to tell from its polished, sterile-looking exterior, inside is a gritty mixture of glass beads and fluids that closely resemble Saskatchewan's oil sands.

The three dimensional (3-D) oil sands physical model development was launched in 2008 with a $1 million contribution from Oilsands Quest Inc. Installed last March at a new laboratory in SRC's Regina facility, this one-of-a-kind research tool is designed to bring actual reservoir conditions into the laboratory to study and optimize in situ bitumen extraction processes.

"Oilsands Quest is very excited to partner with the Saskatchewan Research Council on this initiative. We look forward to the results of this research to advance our efforts in optimizing bitumen recovery," said T. Murray Wilson, Chairman, President and CEO at Oilsands Quest Inc.

"Saskatchewan's oil sand deposits are too deep for mining. The progress made by the world class research team and facilities at SRC on non-mining recovery will support the development of the oil sands industry and put Saskatchewan at the forefront of developing energy-efficient and environmentally sustainable oil sands development."

The new 3-D physical model is similar in design to the Solvent Vapour Extraction (SVX) physical model that SRC has been operating for the last five years, but has thicker and heavier access doors that make it more than twice as heavy as the older unit. The added strength allows it to operate at up to 250 degrees Celsius (C) compared to the SVX model's 60 C limit. Both units can handle up to 105 kilograms-per- centimetre of pressure at their temperature limits.

The capacity to withstand higher temperatures and pressures has opened more research avenues for SRC and potential extraction processes for clients, says Kelly Knorr, a Senior Research Engineer in SRC's Field Development Business Unit.

"It's an important new capability for us because we can study hybrid thermal-solvent processes."

Thermal solvent extraction (TSX) methods add heat to the SVX process being applied in heavy oil field pilot projects. The new recovery methods hold advantages over conventional techniques being used in some Alberta oil sands deposits by reducing the amount of natural gas required to generate steam that thins bitumen for extraction, providing companies with a more sustainable energy pathway.

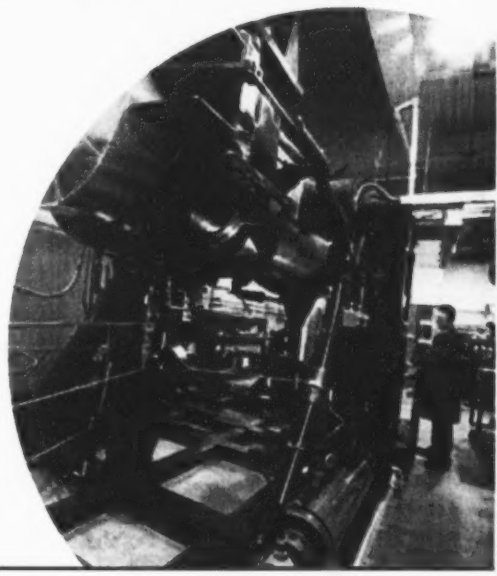
They are particularly useful in Saskatchewan where the oil sands are shallower than similar deposits in Alberta's Athabasca region and producers do not have an effective way to contain high-pressure and high-temperature thermal processes, such as the new commercial steam-assisted gravity (SAGD) recovery method.

The 3-D physical model allows SRC research engineers to develop custom TSX methods by finding the optimum temperature and solvent dilution ratios to reach the highest recovery rates for the least cost.

"What we've done is moved the field scale down a few orders of magnitude in this large model," says Knorr. "If we can understand it here, we have a better chance of being able to provide reliable field estimates."

To assist in supplying even better field estimates to clients, SRC engineers have developed a technique to photograph oil sand layers as they are excavated from the model. The photos are then converted into grayscale images to show a contrast between the black oil and cleaned white sands. These images form a residual oil saturation map that shows where the bitumen has been left behind.

This new 3-D physical model and these fresh research approaches build on SRC's long history of working to develop the province's oil resources. SRC has been providing *Smart Energy Solutions™* to Canada's heavy oil industry since the 1970s.



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Database pumps new life into old oil reservoirs

With all the oil exploration and new drilling taking place in southern Saskatchewan, it can be easy to overlook many of the province's older reservoirs that still contain large quantities of oil.

Gay Renouf, a Research Scientist at SRC, is doing her best to ensure that oil companies have the information and advice they need to tap into the remaining oil in these mature reservoirs. Last year, Renouf concluded the fifth year in a study that compiled data on how effective an old technique called waterflooding is in recovering heavy oil.

Waterflooding involves pumping water into the reservoir surrounding an oil well to release additional oil. It has long been used on light oil, but less was known about how it worked with heavy oil. Given that 24 per cent of the eight billion barrels of heavy oil in Alberta and Saskatchewan is being recovered using waterflooding, the value in conducting more research is obvious.

To find out why waterflooding works differently with heavy oil, Renouf created a database using data from 80 heavy oil and 100 medium oil waterflood projects in Saskatchewan and Alberta. Some waterfloods captured in the database date back more than 50 years.

"There was so much data I knew there was going to be something buried there that was going to tell us the way different operations were handled had an effect on the outcome," says Bradley Brice, a research colleague from BP Alaska who partnered with Renouf on the study.

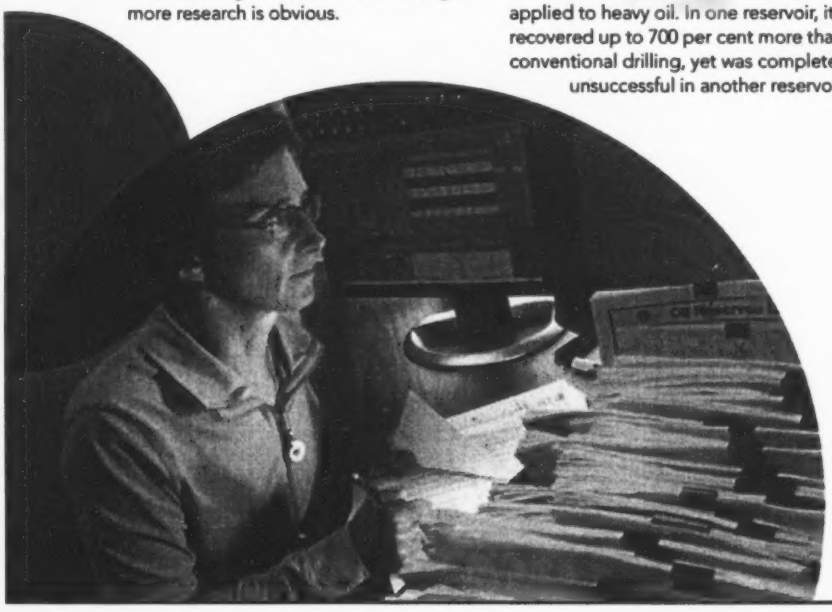
The two researchers analyzed this wealth of data and found that waterflooding has led to variable results when it has been applied to heavy oil. In one reservoir, it recovered up to 700 per cent more than conventional drilling, yet was completely unsuccessful in another reservoir.

"What's been learned is that the heavy oil waterfloods truly are different from the conventional oil waterfloods," explains Renouf. "Our study helps define best operating practices for the later stages of waterflooding."

One of these best practices is that there are benefits to delaying waterflooding until a certain portion of the original oil in place has been recovered.

The researchers presented and later published this recommendation and their study's other results in a paper for the Society of Petroleum Engineers, Petroleum Society and Canadian Heavy Oil Association (Increasing Oil Recovery from Heavy Oil Waterfloods, Presentation and Publication, International Thermal Operations and Heavy Oil Symposium, Calgary, AB, Brice, B.W. and G. Renouf, October 2008). Their findings were later publicized by New Technology Magazine.

Getting the word out about ways to optimize existing waterfloods is becoming increasingly important since Renouf found that 40 per cent of active waterfloods are older than 20 years. With few new waterfloods being launched in Western Canada, the recommendations for mature waterfloods will be crucial in recovering more of the billions of barrels of heavy oil that remain untapped.



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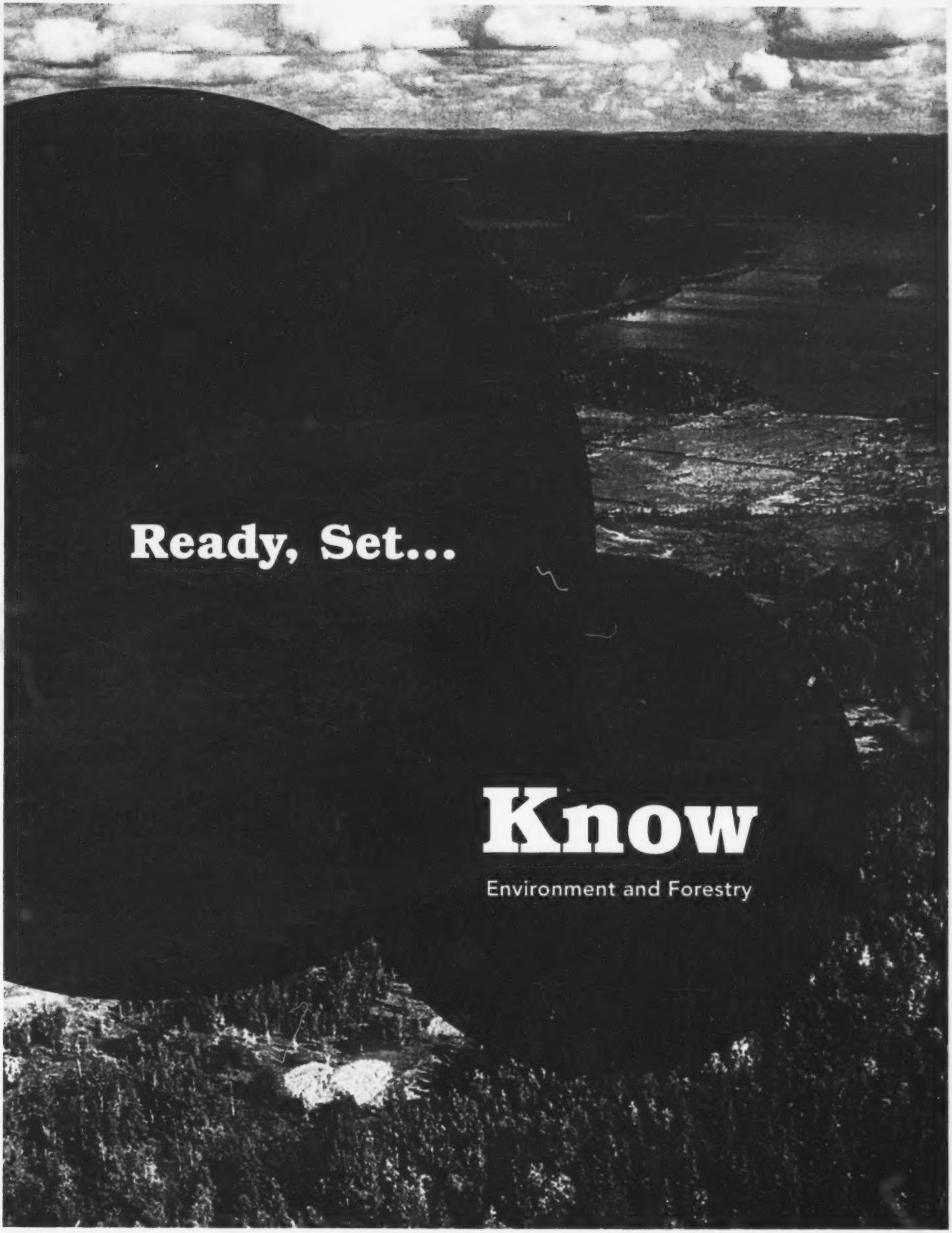

Ready, Set...
Know
Environment and Forestry

The hazards of prairie climates

Climate change and its effects matter to many Canadians. A poll commissioned by the Canadian Defence and Foreign Affairs Institute in early 2010 found that Canadians believe climate change is a bigger threat to the country than international terrorism.

Closer to home, climatologists at SRC are researching how climate change and the climate hazards it amplifies will affect the Prairies.

"We're researching the hazards posed by climate extremes, such as drought, heavy rainfall, dust storms and blizzards, to better understand those climate hazards and what their impacts will be," says Elaine Wheaton, an SRC Distinguished Scientist and renowned Climatologist.

Environment Canada funded a climate hazards research project led by Wheaton and fellow SRC Climatologist Virginia Wittrock. The project involved gathering SRC scientists and engineers, as well as stakeholders from outside the organization, to share their research and insights into climate hazards.

The research ranged from water basin sensitivity to dry and wet periods, to how drought affects grasslands and air quality. It also looked at drought alert systems, smog, climate extremes and how First Nations' communities are being affected by climate change and hazards.

Environment Canada researchers are using the research and recommendations detailed in the SRC report as they work with other federal departments, provincial governments and municipalities to prepare for climate hazards.

"The impacts of climate hazards in the Prairies are often severe and costly, resulting in deaths, illness, lost economic production, infrastructure and other property damage and water scarcity," says Grace Koshida, a Researcher with Environment Canada's Adaptation and Impacts Research Group. "This type of collaborative research between Environment Canada and SRC contributes towards our national program on responding to climate change by improving the scientific knowledge and available information for the Prairies on adapting to climate hazards."

Throughout this project and in their own research, both Wittrock and Wheaton have been reminded of the magnitude and variety of effects both climate change and hazards can have.

For example, Wittrock learned summer temperatures with a minimum of 14.3 degrees Celsius affect mosquito numbers and reproduction rates. Hot spells and warmer temperatures across the Prairies, particularly at night, partially explain why the West Nile virus spread.

"Warmer winter temperatures might be welcomed by many people, but the secondary effect can be negative," shares Wittrock. "If our winters are warmer, we will have a lot more insect infestation because the extreme cold kills a lot of the insects."

Wheaton adds that warmer temperatures and heat waves mean a longer and more severe forest fire season. Extra heat also leads to massive evaporation and a peculiar combination of droughts and rain downpours.

"People think it's really weird that we're experiencing more droughts and floods at the same time, but it's easily explained when you consider that the hydrological cycle gets a boost of energy from heat," says Wheaton.

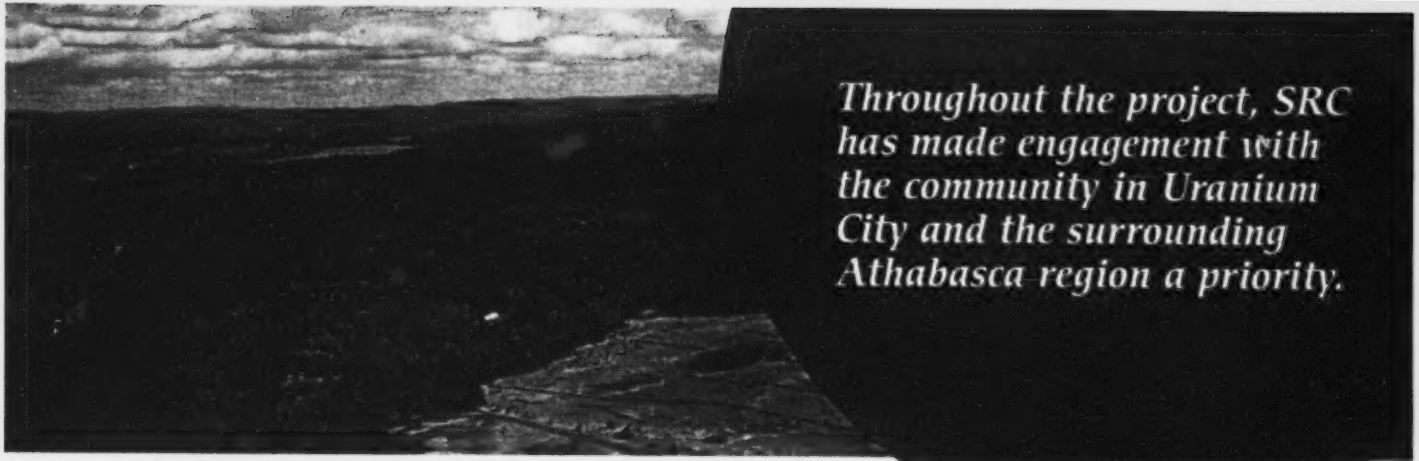
To illuminate the devastating effect that climate hazards can have, Wheaton points to the cross-Canada drought in 2001 and 2002. In a study on the drought's impact, an SRC-led research group found that losses to Canada's agriculture sector totalled approximately $3.6 billion. Canada's gross domestic product (GDP) fell $5.8 billion during that period and an estimated 41,000 jobs were lost.

Given the potential for these catastrophic consequences, the Climatologist says we cannot wait for climate hazards to happen before determining how to respond.

"Prairie climates can be hazardous and being proactive and prepared before hazards hit is the best way to avoid and reduce problems," urges Wheaton.

"Warmer winter temperatures might be welcomed by many people, but the secondary effect can be negative ...If our winters are warmer, we will have a lot more insect infestation because the extreme cold kills a lot of the insects."

Virginia Wittrock, SRC Climatologist



Throughout the project, SRC has made engagement with the community in Uranium City and the surrounding Athabasca region a priority.

Northern mine cleanup continues

Not far from the Saskatchewan-Northwest Territories border, a group of workers is finishing its second full summer of filling in mine shaft openings and picking up debris at abandoned uranium mine sites.

They're part of Project CLEANS (Cleanup of Abandoned Northern Sites), a multi-year mine remediation initiative led by SRC. With $47.9 million in funding from the governments of Canada and Saskatchewan, SRC is managing the project to assess and remediate northern mining sites that were developed and deserted during the 1950s and 1960s.

The project aims to bring two large abandoned mine sites—Gunnar and Lorado—and 36 smaller satellite mine sites in the province's northwest corner up to modern environmental regulatory requirements.

Achieving this goal in an area that is reachable only by airplane in the summer or by ice roads in the winter is challenging. This difficult scenario makes it all the more remarkable that cleanup was started at three sites in late summer 2008 and another six satellite sites dispersed around Uranium City and Lake Athabasca in summer 2009, the project's first full season of cleanup work.

Even with all that has been accomplished over the first two summer work seasons, there is still a substantial amount of work and a number of hurdles left before cleanup at all the sites will be completed.

Aside from the remote location, the satellite sites have been difficult to assess since the companies that operated them left few site maps or underground plans and did not follow any remediation standards.

"There was no decommissioning plan for these sites when these companies left—it was get the minerals out of the ground and get out," says Mark Simpson, an SRC Research Scientist who coordinates environmental assessments as part of Project CLEANS.

Cleanup work has yet to begin on the two largest sites since SRC scientists are still gathering data as part of a detailed environmental assessment. Once the assessment is complete, a remediation plan is created and regulatory approval is gained, it will take several years to clean up these two sites.

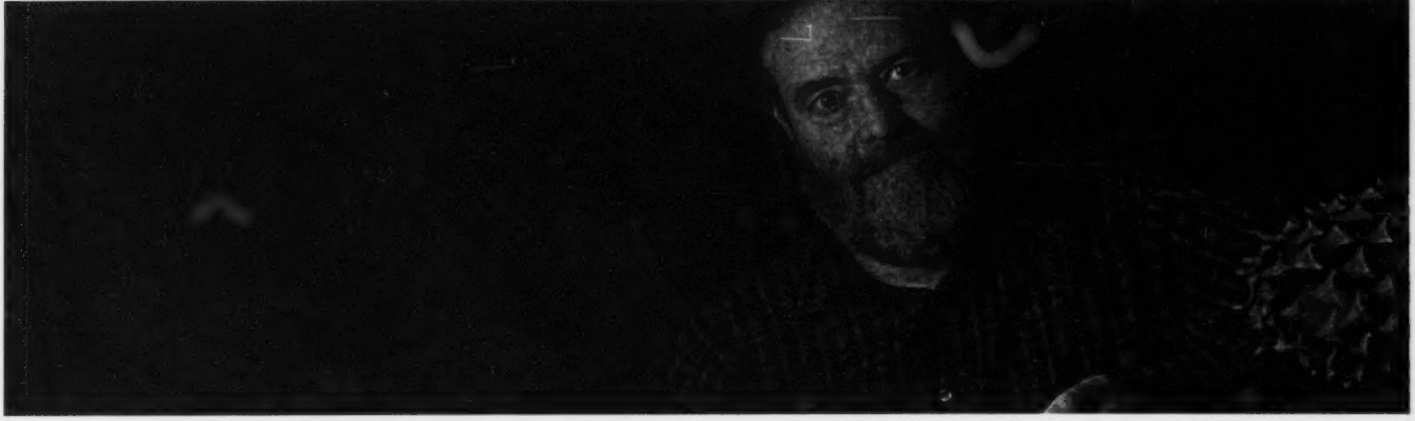
In the meantime, the project is already receiving international attention. It was profiled at the 12th Annual International Conference on Environmental Remediation and Radioactive Waste Management held in Liverpool, UK, last October.

Throughout the project, SRC has made engagement with the community in Uranium City and the surrounding Athabasca region a priority, says Simpson.

To help accomplish this, SRC set up a Project Review Committee for Project CLEANS comprised of representatives from Aboriginal and non-Aboriginal communities in the Athabasca region. SRC also has a presence in the community with two buildings in Uranium City that serve as bases for contractors and employees.

This outreach to the communities near the mine sites has not gone unnoticed. Dr. Arn Keeling, a geography professor from Memorial University in Newfoundland, visited a number of the CLEANS sites as part of a research study on abandoned northern mines in 2009. The researcher, who has also visited old mine sites throughout the Northwest Territories and British Columbia, says SRC's efforts to involve the area's communities are what distinguish CLEANS from many other remediation projects.

"What's interesting to me about this project is the way SRC realized that people in the community needed to be consulted and communication needed to be two-way," says Keeling. "It's not just informing people that work was going on, but hearing back from the community about what their concerns are, particularly because of the concerns around uranium mining, but also out of a recognition that the community has an interest in these processes."



Forests function as outdoor labs

Four tracts of jack pine and trembling aspen trees known as the Island Forests stand out from the prairie near Prince Albert.

In contrast to their namesake, the forests are deeply connected to Aboriginal traditions, the area's economy and the long-term sustainability of Saskatchewan's northern forests.

Last year, SRC assumed responsibility for monitoring the Island Forests and managing how they are harvested. SRC is using finances from the Island Forest Management Fund—created by the provincial government to collect charges from operators for reforestation—to ensure that the forests are replenished once they have been harvested.

SRC also executes an operating plan for the Island Forests, which involves allocating harvest areas in which 17 independent foresters can harvest each year.

"Without this plan, the activities of these operators would lack coordination," says Michael Bendzsak, the SRC Scientist who oversees the management fund and operating plan. He expects that keeping track of how the forests are harvested and developed may become increasingly important as diamond mining is being explored in the Fort à la Corne Forest, the largest of the Island Forests.

Though administration of these forests is a new responsibility for SRC, the organization has been heavily involved in studying the forests for the better part of a decade. SRC Distinguished Scientist Dr. Mark Johnston says the forests really are islands with clear boundaries, making them ideal for research.

"I like to think of the Island Forests as outdoor laboratories," says Johnston. "We have the opportunity to look at several different science questions, but also human and socioeconomic questions in the context of the Island Forests, which makes it a very interesting location for research."

Since the Island Forests are the southernmost boreal forests in central Saskatchewan, Johnston and fellow environmental researchers view them collectively as the "canary in the mine shaft" for being the first to show climate change's potential effects. For instance, rising temperatures could lead to drier conditions, making the forests more susceptible to pests and forest fires.

"If we see the impact first in the Island Forests, then maybe we'll be able to modify our forest management practices in the more northern parts of the boreal forests," says Susan Carr, who manages the Prince Albert Model Forest Association, an organization that advocates using sustainable practices in the area's forests. "SRC has been really key in providing the research on the Island Forests that's required to see this impact."

In 2008, Dr. Johnston investigated whether there was any evidence that the climate change impacts predicted for the Island Forests were already happening. He found that they were showing signs of climate change's effects. According to Johnston, the aging forests are becoming more vulnerable to a future mountain pine beetle outbreak, forests fires and declining tree growth of up to 30 per cent.

To complement these findings, Bendzsak is continuing to lead a long-term study to identify if tree species not native to the area may grow better under the drier, warmer conditions that are expected. The study involves tracking the growth of various tree species and using mini climate stations to monitor the local climate and soil conditions.

SRC will have an important role to play in actively researching, monitoring and managing the Island Forests as they face challenges in both climate change and development.

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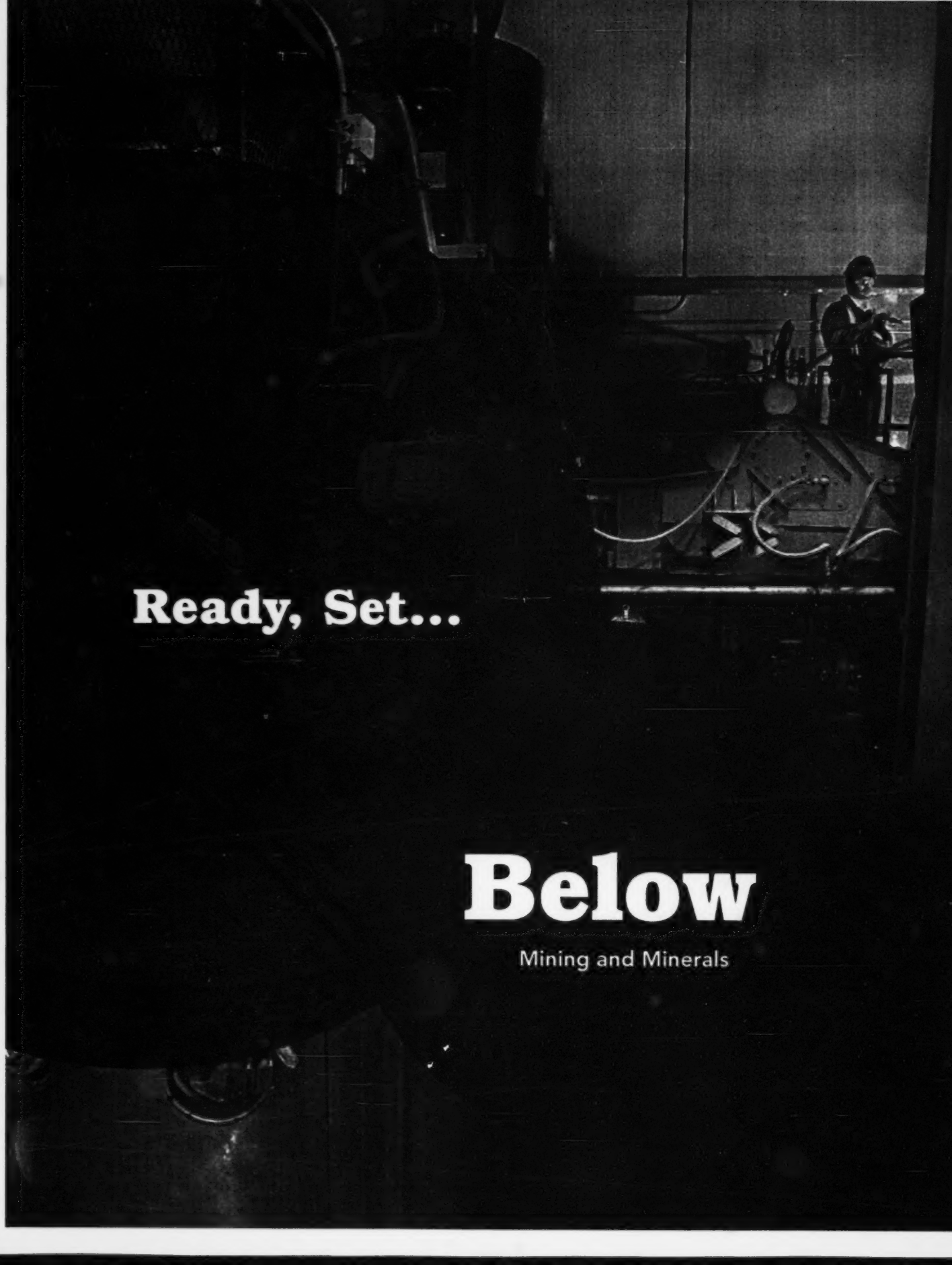
Dr. Mark Johnston, SRC Distinguished Scientist


Ready, Set...
Below
Mining and Minerals

SRC home to one of Canada's best-equipped mining labs

SRC is now home to one of Canada's best-equipped geological laboratories because of a $1.3 million investment from the federal-provincial Western Economic Partnership Agreement (WEPA).

Announced at a news conference last October, the funding has helped create the SRC Advanced Microanalysis Centre™, a one-stop-shop for geological testing.

"Saskatchewan's resource sector is very important to the prosperity of our economy. We need to provide cutting-edge technology to advance resource exploration while building our knowledge economy," said Ken Cheveldayoff, Minister of Enterprise, at the announcement.

Adding this increased analytical capacity means Saskatchewan firms can have testing done locally–saving both time and expense.

"SRC is attracting more business into Saskatchewan by allowing companies to access the assay and characterization tests that they need in a single, independent facility," said SRC President and CEO Dr. Laurier Schramm.

When it officially opened last February, the Centre started offering clients access to a long list of state-of-the-art equipment, including an electron microprobe that can determine the chemical composition of minute volumes of solid materials without damaging them.

It is also the newest electron microprobe facility in Canada and the only national, commercially licensed facility that can safely prepare and test thin sections of radioactive materials that geologists use in their most basic and essential analyses.

So far, the SRC Advanced Microanalysis Centre™ has received microprobe requests from Saskatchewan, Canadian and international clients as far away as Saudi Arabia.

The new equipment and range of analyses have been welcomed by mining industry clients. Dr. Irvine Annesley, a Senior Geologist with Saskatoon-based JNR Resources Inc., says the Centre allows him to use micro-analytical techniques in Saskatchewan that were previously only available elsewhere in Canada, France, Germany, Australia and the United States.

"It will save time and allow us to be more efficient in making leading-edge decisions for our uranium exploration programs," shares Annesley.

Dr. Steven Creighton, the SRC Research Scientist who oversees the Centre, says now that these tools are in place, the focus is on giving clients the high level of service they have come to expect from SRC.

"We're working on how we can best integrate our new services with existing lab services to provide a seamless analytical experience for our clients."

Diamond Services expand under pressure

Diamonds are formed under high-temperature, high-pressure conditions in the Earth's mantle.

Fittingly, last March SRC Geoanalytical Laboratories responded to pressures facing the mining industry by opening a 2,400-square-metre expansion to its existing diamond analyses lab. The expansion incorporates a five-tonne-per-hour Dense Media Separation (DMS) plant, X-ray flow sort, grease table recovery circuit and high-pressure grinding rolls.

"Having this equipment available to our customers saves them money because they don't have to spend millions building a plant in the high arctic or somewhere else to accomplish what we're doing right here," says Mike McCubbing, a Supervisor in SRC Geoanalytical Laboratories.

The expansion allowed the lab to relocate its DMS plant – located at a nearby facility since SRC first opened it in 2007 – into a central diamond processing facility. Bringing all of the equipment under one roof provides better security and gives the DMS plant room to expand down the road.

The DMS plant is an important tool in the search for macro diamonds – between 0.5 mm and 12.5 mm in diameter – in exploration samples ranging from two to sometimes over 500 tonnes.

The plant uses diamonds' high density to separate them from lighter material. Ore is crushed and screened to remove fine material. It is then combined with a thick blend of water and a fine black powder rich in iron and silica. This blend is pumped through a cyclone at high pressure to separate the lighter material from the heavier diamonds.

Diamond mining companies rely on this process to sort through large sample batches upward of 500 tonnes. Once this threshold is reached, the cost to ship larger sample batches becomes too high and it is more cost-effective to set up separation plants at mine sites.

To help clients reach this stage, last year the DMS plant added a High Pressure Grinding Roller (HPGR) press to its macro diamond operation.

The HPGR has two studded rollers that grind rock samples. Because diamonds can withstand immense pressure, the HPGR pulverizes rock samples to promote liberation of macro diamonds from the ore without damaging them.

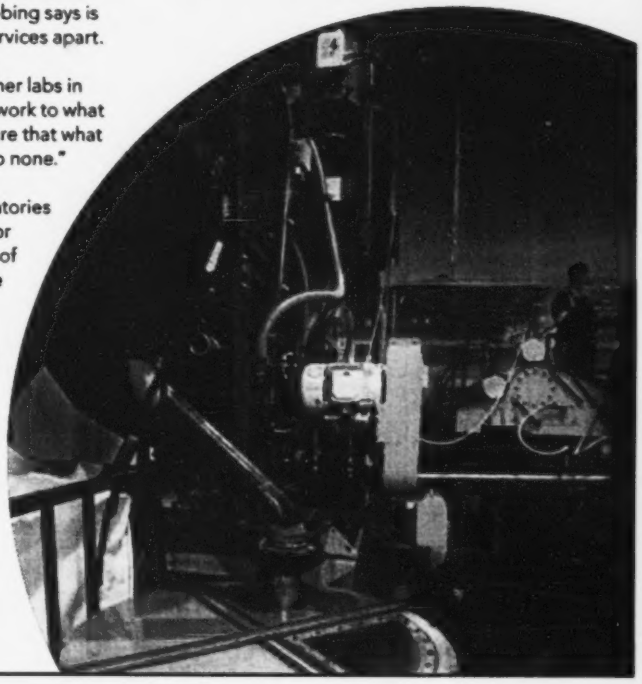
The HPGR allows clients to further replicate a mine site operation on a small-scale, which McCubbing says is setting SRC's diamond services apart.

"There are a couple of other labs in Canada that offer similar work to what we do, but we've made sure that what we're offering is second to none."

SRC Geoanalytical Laboratories has gained a reputation for providing the wide range of services that its clients are looking for.

"With its diamond testing equipment, including a five-tonne-per-hour DMS plant with an X-ray flow sort and grease table recovery circuit and its state-of-the-art caustic fusion circuit, SRC is able to deliver the broad range of laboratory services that we require to effectively evaluate diamond deposits," shares Brooke Clements, President of Peregrine Diamonds Ltd.

"Since July 2008, we have efficiently evaluated the diamond content of 16 kimberlites discovered on our Chidliak project by caustic fusion and have processed a 50 tonne sample through the DMS at SRC. SRC has always been very responsive to our needs and we look forward to working with them in the future."



The expansion allowed the lab to relocate its DMS plant—located at a nearby facility since SRC first opened it in 2007—into a central diamond processing facility. Bringing all of the equipment under one roof provides better security and gives the DMS plant room to expand down the road.

Key Performance Indicators

Shareholder Value

As a Treasury Board Crown Corporation, SRC is responsible to its owner, the Province of Saskatchewan, and hence the people of Saskatchewan. To ensure that SRC is creating value for its stakeholders, this objective is defined by SRC's mission statement: To strengthen the Saskatchewan economy with quality jobs and a secure environment through the responsible application of science and technology. Measurement of this objective includes assessing SRC's economic impact in Saskatchewan, including jobs that were created or maintained. It also encompasses environmental and/or social impacts such as energy conservation, reduced greenhouse gas emissions, improved air quality and safety.

Objective	Measure	Target	Actual
Shareholder Value Strengthen the Saskatchewan economy with quality jobs and a secure environment through the responsible application of science and technology.	Economic impact Economic impact of SRC as measured by the annual economic impact assessment.	≥$300M	$542M
	Quality jobs Number of jobs created or maintained in Saskatchewan as measured by the annual economic impact assessment.	≥2,000 jobs	939
	Environmental and/or social impact Total dollar value of projects focused on or containing a substantial component of achieving positive environmental or social impacts.	≥$10M	$26M

Financial Management

SRC must operate in a fiscally responsible manner in order to stay in business. There are three key objectives associated with this KPI. The organization aims to provide a positive financial return. We strive to utilize the provincial investment—approximately 28 per cent of our total revenues—in an effective and appropriate fashion. We also purchase appropriate capital assets each year to ensure we are maintaining our leading-edge position.

Objective	Measure	Target	Actual
Financial Management Provide a positive financial return, utilize provincial investment (PI) appropriately and purchase appropriate capital assets each year.	Net income Consolidated net income from SRC operations before Pay-at-Risk payments.	$224k	$4,636k
	Mandate effectiveness Mandate effectiveness as measured by the annual economic impact assessment. ($ economic impact/$ provincial investment)	≥35	36
	Investment in the future Investment in the future as measured by the dollar amount of provincial investment utilized in Innovation Fund and TecMark projects.	$625k	$831k
	Capital asset purchases Purchase of appropriate capital assets (equipment and leasehold improvements).	≥$4M	$10M

Client

SRC delivers a variety of contract services to its client base. In fact, in 2009/10 SRC served over 1,950 clients. Our reputation as an independent, quality service provider is important to our clients and therefore of utmost importance to the organization. The objective of the KPI is to understand and deliver quality results that SRC's clients value.

Objective	Measure	Target	Actual
Client Understand and deliver quality results that our clients value.	Client survey results Client satisfaction as measured by annual client survey results:		
	• clients that would return to SRC	>95%	100%
	• clients that would refer SRC to others	>95%	100%
	• satisfaction with overall quality of the product or service received	>95% very satisfied or satisfied	97% very satisfied or satisfied

Growth

In order to ensure we are meeting the needs of the marketplace and helping Saskatchewan to be globally competitive, SRC has identified growth as a key factor to support this. The objective of this KPI is to grow SRC's revenue base in order to achieve and maintain critical mass in each business area, expand our service offerings and deliver additional impacts under shareholder value.

Objective	Measure	Target	Actual
Growth Grow SRC's revenue base in order to achieve and maintain critical mass in each business area, to be able to expand our service offerings and to be able to deliver additional impacts under KPI #1.	Revenue growth Increase in total revenue	$6M	$7.8M

People

SRC's most important resource is its team of dedicated employees. It is our employees who keep the organization moving forward through their varied expertise, knowledge and skills. The objective of this KPI is to develop, inspire and motivate SRC's employees. We do this by supporting professional development activities, ensuring a safe workplace and delivering progressive compensation systems.

Objective	Measure	Target	Actual
People Develop, inspire and motivate SRC's employees.	<u>Employee engagement</u> Employee engagement as measured by annual Employee Engagement Survey results. Targets will be set after pilot test in 2009/2010.	Pilot test survey process	40%
	<u>Appropriate capacity and skills development</u> Appropriate training is supported and financed for employees.	>90% of targeted training for the year	100%
		>95% of employees receiving ≥4 hours of regular training	>97% of employees receiving ≥4 hours of regular training
	<u>Appropriate compensation</u> Appropriate performance-based compensation is delivered, as measured by having sufficient net income earned and objectives delivered to support payment of performance-based compensation.	Pay ≥90% of Pay-at-Risk (PAR) plan	Produced sufficient net income to pay 100%; however, the earned amount compared to objectives was >94%
	<u>Provide a safe and healthy workplace</u> • Minimize lost-time incidents (LTIs). (Per 200,000 hours worked)	<1.5	0.68
	• Deliver the key priorities outlined in each year's update of the SRC Safety Strategy.	>90% completion	100% completion
	• Strong positive annual employee survey results in safety categories: - Percentage of employees that self-assess as being deeply or quite involved in health and safety initiatives at SRC.	≥40%	42%
	- Percentage of employees that self-assess as being very or moderately satisfied with the safety performance of SRC.	≥75%	94%
	<u>Diversity</u> • Create an environment that values diversity.		
	• Implement key priorities outlined in each year's update to the Diversity Strategy.	>90% completion	100% completion

Corporate Social Responsibility

SRC recognizes the importance of conducting business in a socially and environmentally responsible manner and made this the focus of this KPI. This focus is not only encouraged through SRC's internal functions, but extends to its projects.

Objective	Measure	Target	Actual
Corporate Social Responsibility Conduct business in a socially and environmentally responsible manner.	Corporate Social Responsibility • Implement key priorities outlined in each year's update to the Corporate Social Responsibility Strategy.	>90% completion	85% completion

Internal Process Excellence

The objective of the Internal Process Excellence KPI is to have SRC achieve and maintain excellence in its internal processes, including technical excellence, operational efficiency, internal management and leadership, visibility and recognition, risk management and quality management. To support this KPI, SRC has developed several strategies to provide a framework and vision for related areas.

Objective	Measure	Target	Actual
Internal Process Excellence Achieve and maintain excellence in internal processes.	Internal management and leadership • Develop and gain Board approval for the Operational/Financial Plan.		Op/Fin Plan was approved in March 2010
	• Maintain a succession plan for key positions.	>90% completion	100% completion
	Sub-Strategies Implementation Implement key priorities outlined in each year's update to the following sub-strategies:	>90% completion	
	- Technical Excellence		90% Completion
	- Communications/ Branding		90% Completion
	- Enterprise Risk Management (ERM)		100% Completion
	- Quality Management		100% Completion

KPI Highlight

Corporate Social Responsibility: *A smarter way to do business*

Providing a safe environment for our employees. Finding ways to make our clients' businesses more environmentally sustainable. Engaging our employees, partners and communities at every step.

That's how SRC is dedicated to being a socially responsible organization and demonstrating our core values each day when we conduct business in Saskatchewan and beyond. Here are some of the commitments we've made and actions we've taken to do business in a smarter, more sustainable way.

Prioritizing safety

One of the first tasks on any new SRC employee's to-do list is to take a safety orientation seminar. That's because safety is an overriding priority at SRC and we're dedicated to promoting a safe and healthy workplace for our employees.

Last year, prioritizing safety meant developing a safety management system and completing a safety manual that encompasses all elements of this system. Additional expertise in workplace safety and bio-safety was added to help implement health and safety practices.

This proactive attitude toward safety has made a tangible difference. Last year there were significantly less injury incidents than past years and that trend is expected to continue as we emphasize safety's importance.

Living sustainably

The environment is so important to SRC that it is one of our five key research and technology areas. Last year we worked with partners to assess performance in small wind power turbines and developed tools to monitor the effects of human activity on rivers and watersheds.

SRC also delivered provincial programs to purchase and install more efficient lighting and heating for municipal buildings and businesses. This meant providing more than 60 Saskatchewan communities with funding to set up energy management systems and solar systems to heat water and indoor air in municipal facilities.

Engaging employees

SRC promotes a workplace where employees are proud to be part of the organization.

As a growing organization, we offer SRC 101, an orientation workshop that introduces new employees to everything SRC.

We also maintain a range of employee programs, including flexible work hours, education assistance and an employee and family counselling program.

And because we know that our employees are our best ambassadors, we have a referral program that recognizes employees for helping recruit qualified professionals to SRC.

Living Sustainably: Our work contributed to at least 10,000 tonnes of greenhouse gas emissions reductions.

Connecting with communities

SRC wants to be known as an organization that cares about building and strengthening communities. We want to make positive contributions to the communities where we live, work and conduct business.

Last year, our Aboriginal and Community Relations Senior Advisor shared SRC's story at five tradeshows and nine First Nations communities around Saskatchewan.

In addition, SRC's Technology-in-Action (TIA) fund gave a $10,000 award for the best new product at the 26th Annual Achievement in Business Excellence Awards (ABEX). Through the TIA fund we also contributed two $5,000 awards to innovative University of Saskatchewan students.

Empowering partners

SRC believes in developing strong, ethical business relationships with our clients, partners and suppliers.

To ensure that SRC's process for purchasing goods and services is fair, open and competitive, we launched a public web page where vendors can register and receive regular updates on bid opportunities.

We also took part in Purchasers Showcase 2009, where more than 400 vendors learned about procurement processes and bid opportunities at SRC and other public sector organizations.

Bettering governance, bettering business

SRC aims to conduct business with the highest level of ethics and integrity. That's why we reviewed and enhanced our Code of Conduct and Ethics policies and processes last year.

We also began the International Organization for Standardization (ISO) accreditation process for SRC GenServe Laboratories™ to meet the ISO 17025 standard. This will build on the precedent set by two other SRC laboratories that are already certified through ISO and the Canadian Association for Laboratory Accreditation.

Connecting with Communities: SRC's Technology-in-Action (TIA) fund gave a $10,000 award for the best new product at the 26th Annual Achievement in Business Excellence Awards (ABEX). Through the TIA fund we also contributed two $5,000 awards to innovative University of Saskatchewan students.

Corporate Governance

AUTHORITY
The Saskatchewan Research Council (SRC) is a Treasury Board Crown Corporation governed by *The Research Council Act*. Within this framework, the Board formulates policy and delegates the responsibility and authority for the ongoing management of the corporation to the President and CEO.

BOARD RESPONSIBILITIES
The Board ensures that the activities of the corporation are carried out under the terms of *The Research Council Act*. The Board oversees the stewardship of the corporation and has responsibility for strategic planning and monitoring financial and business performance. The Board ensures that management has systems in place to identify and manage the principal risks of the corporation's business.

BOARD COMPOSITION AND COMPENSATION
The SRC Board is comprised of nine members with a diverse combination of knowledge and expertise. The members represent a cross-section of SRC's stakeholder community including individuals from business, industry, the public sector and academic institutions.

Eight directors, including the Chair, are independent of SRC management. The one related director is the President and CEO of the corporation.

Board members (except for members who are government employees) receive an honorarium for meetings attended. The level of compensation is established by Treasury Board. Members are allowed travel and associated expenses at SRC approved rates.

THE BOARD AND MANAGEMENT
The Board focuses on the strategic leadership of the corporation and does not become involved in day-to-day management, but delegates and entrusts operational decisions to senior management, holding senior management accountable for the company's performance, its long-term viability and the achievement of its objectives.

COMMITTEES
The Board of Directors has established the following committees to address specific areas of Board responsibility:

Audit and Finance Committee
The Audit and Finance Committee is responsible for monitoring, advising and making recommendations to the Board regarding all aspects of financial planning and the financial management of the organization. The Audit and Finance Committee acts as the communication link between the Board of Directors and the Provincial Auditor.

Governance and Nominating Committee
The Governance and Nominating Committee is responsible for monitoring, advising and making recommendations to the Board regarding the governance strategy of the corporation, assessing and evaluating Board and CEO performance, administering the Board-CEO relationship and monitoring and assessing risk within the corporation.

Our Values

At SRC we value Integrity, Teamwork, Performance Excellence and Learning

INTEGRITY
- We treat people with respect, fairness, honesty, patience, understanding and trust.
- We are an equal opportunity employer and respect diversity.
- We are a responsible corporate citizen committed to the health and safety of people and the environment.
- We practice high ethical and professional standards.

TEAMWORK
- We are committed to achieving common goals through teamwork.
- We collaborate, listen and share information within SRC and with our partners.
- We consistently present a total corporate image.
- We participate actively within our networks to the benefit of clients, colleagues and the community.

PERFORMANCE EXCELLENCE
- We are a financially responsible organization.
- We lead by example. We are accountable for our actions, successes and failures.
- We establish and communicate clear expectations to staff, clients and partners.
- We recognize the accomplishments of our colleagues and of the organization as a whole.
- We actively seek new clients and strive to retain existing clients.
- We demonstrate our commitment to clients by keeping lines of communication open, providing quality products and services and delivering on time and within budget.

LEARNING
- We facilitate and acknowledge personal and professional growth.
- We strive to achieve excellence through innovation and continuous improvement.
- We develop or acquire appropriate knowledge as needed to achieve the best solutions for our clients and partners.
- We learn from our successes and our failures.

Report of Management
Year Ended March 31, 2010

The accompanying financial statements are the responsibility of the management of the Saskatchewan Research Council. They have been prepared in accordance with Canadian generally accepted accounting principles, using management's best estimates and judgments, where appropriate.

Management is responsible for the reliability and integrity of the financial statements, the notes to the financial statements, and other financial information contained in this report. Management is also responsible for maintaining a system of internal controls, policies and procedures designed to provide reasonable assurance that assets are safeguarded and that accounting systems provide timely, accurate and reliable financial information.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. The Board is assisted in exercising its responsibilities through the Audit and Finance Committee, which is composed of five non-management directors and one management director. The Committee meets periodically with management to satisfy itself that management's responsibilities are properly discharged, to review the financial statements and to recommend approval of the financial statements to the Board.

The Provincial Auditor of Saskatchewan has audited the Council's financial statements in accordance with Canadian generally accepted auditing standards and his report follows.

Laurier Schramm
President and CEO

Crystal Smudy, CA
Chief Financial Officer
May 13, 2010

Consolidated Financial Statements
Year Ended March 31, 2010

AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan.

I have audited the consolidated statement of financial position of the Saskatchewan Research Council as at March 31, 2010 and the consolidated statements of operations and retained earnings and cash flows for the year then ended. The Council's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these consolidated financial statements, present fairly, in all material respects, the financial position of the Council as at March 31, 2010 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Regina, Saskatchewan
May 13, 2010

Brian Atkinson, FCA
Acting Provincial Auditor

SASKATCHEWAN RESEARCH COUNCIL
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at March 31
(Thousands of dollars)

	2010	2009
ASSETS		
Current assets:		
Cash and cash equivalents	$ 2,420	$ 6,042
Accounts receivable	10,574	7,673
Prepaid expenses	183	224
	13,177	13,939
Non-current assets:		
Accrued pension benefit asset (Note 3)	46	-
Restricted investment (Note 4)	641	511
Trust investment (Note 8)	2,028	1,724
Property, plant and equipment (Note 5)	26,741	19,799
	$ 42,633	$ 35,973
LIABILITIES AND PROVINCE'S EQUITY		
Current liabilities:		
Accounts payable	$ 4,752	$ 3,291
Unearned revenue	6,149	5,649
Deferred revenue (Note 7)	654	396
Accrued pension benefit liability (Note 3)	-	102
Salaries, wages and vacation payable	1,411	1,620
	12,966	11,058
Non-current liabilities:		
Sick leave benefits payable	195	207
Asset retirement obligation (Note 8)	3,064	3,093
Deferred revenue (Note 7)	3,126	2,209
	19,351	16,567
Province's equity:		
Contributed surplus	922	922
Retained earnings - unappropriated (Statement 2)	21,719	17,973
Retained earnings - appropriated (Statement 2)	641	511
	23,282	19,406
	$ 42,633	$ 35,973

(See accompanying notes to the financial statements)

SASKATCHEWAN RESEARCH COUNCIL
CONSOLIDATED STATEMENT OF OPERATIONS AND RETAINED EARNINGS
For the year ended March 31
(Thousands of dollars)

	2010	2009
Revenue:		
Contracts	$ 37,196	$ 31,881
Grant - General Revenue Fund	15,016	12,115
Grant - Fermentation Facility (Note 7)	30	87
Grant - Capital Enhancements (Note 7)	366	366
Interest revenue	148	483
Change in restricted investment (Note 4)	130	(142)
	52,886	44,790
Expenses:		
Salaries and benefits	23,747	21,516
Supplies and services	15,767	12,860
Accommodation charges	6,174	5,683
Amortization of property, plant and equipment	3,074	2,901
Amortization of Fermentation Facility assets (Note 7)	30	87
Amortization of Capital Enhancements funded assets (Note 7)	366	366
	49,158	43,413
Net income from operations	3,728	1,377
Defined benefit pension plan recovery (Note 3)	148	88
Net income	3,876	1,465
Retained earnings - unappropriated, beginning of year	17,973	16,366
Change in appropriated amount during year (Note 4)	(130)	142
Retained earnings - unappropriated, end of year - to Statement 1	$ 21,719	$ 17,973
Retained earnings - appropriated, beginning of year	$ 511	$ 653
Change in appropriated amount during year (Note 4)	130	(142)
Retained earnings - appropriated, end of year - to Statement 1	$ 641	$ 511

(See accompanying notes to the financial statements)

SASKATCHEWAN RESEARCH COUNCIL
CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended March 31
(Thousands of dollars)

	2010	2009
Cash flows from (used in) operating activities:		
Cash receipts from contracts	$ 34,751	$ 34,652
Cash receipts from General Revenue Fund	16,191	12,082
Cash paid to suppliers and employees	(44,436)	(38,144)
Interest received	148	483
Cash flows from operating activities	6,654	9,073
Cash flows used in investing:		
Purchase of trust investment (Note 8)	(260)	(260)
Purchase of property, plant and equipment	(10,016)	(5,293)
Cash flows used in investing activities	(10,276)	(5,553)
Net (decrease) increase in cash and cash equivalents	(3,622)	3,520
Cash and cash equivalents, beginning of year	6,042	2,522
Cash and cash equivalents, end of year	$ 2,420	$ 6,042

(See accompanying notes to the financial statements)

SASKATCHEWAN RESEARCH COUNCIL
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2010

1. **Status of Saskatchewan Research Council**

Saskatchewan Research Council ("the Council") was established pursuant to Section 3 of *The Research Council Act* for the purpose of research and investigation in the fields of the physical sciences, pure and applied, as they affect the economy of the Province of Saskatchewan. The Council is a body corporate which receives monies appropriated by the Legislature for these purposes. It is also empowered to conduct research under contract for others and to receive financial assistance pursuant to agreements with other similar agencies.

2. **Summary of Accounting Policies**

Pursuant to standards established by the Public Sector Accounting Board, the Council is classified as an other government organization. The financial statements are prepared in accordance with Canadian generally accepted accounting principles applicable to for-profit entities. The following accounting principles are considered to be significant:

a) Consolidation Principles and Basis of Presentation

The accounts of TecMark International Commercialization Inc., a wholly owned subsidiary of the Saskatchewan Research Council, are consolidated in these financial statements. TecMark International Commercialization Inc. ("TecMark") was incorporated under *The Business Corporations Act* (Saskatchewan) on October 9, 1996, as a wholly owned subsidiary of the Council. The purpose of the Corporation is to assist in the commercialization of technology for inventors, entrepreneurs and partner institutions in the Province of Saskatchewan.

b) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in Canada requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Key estimates within the financial statements include the asset retirement obligation, accounts receivable and property, plant and equipment amortization.

c) Revenue Recognition

Revenue from contract work is recognized on the percentage-of-completion method, which recognizes revenue as a contract progresses.

Unbilled revenues are accrued to the year-end for these contracts, while pre-billed revenues received are classified as unearned revenue.

Grants from the General Revenue Fund are unrestricted in nature and recognized as they are received or receivable.

The Capital Enhancements and Fermentation Facility revenues are recognized at the same rate as the related assets are put in use and amortized.

Other contributions that are restricted for a specified use are deferred and are recognized as revenue when the related expenses are incurred.

Donations revenue is recognized upon receipt based on the value of the assets received.

d) Cash and Cash Equivalents

Cash and cash equivalents consists of balances with financial institutions and investments in redeemable guaranteed investment certificates (GIC's) with a Canadian bank, which have a term to maturity of one year or less at time of purchase and are presented net of cash on hand less outstanding cheques.

2. Summary of Accounting Policies (Continued)

e) Property, Plant and Equipment

The assets of the Council are initially recorded at cost, including labour, material and overhead for self-constructed assets.

Amortization of property, plant and equipment is provided over the estimated useful lives of the assets on the following basis:

Straight-line method

Automotive	5 years
Buildings	9 - 20 years
Computer Equipment	5 years
Equipment	5 - 10 years
Fermentation and GenServe Equipment	10 years
Leaseholds	2 -12 years

f) Restricted Investment

The investment is comprised of deposits in units in a balanced mutual fund managed by a professional investment manager.

These investments have been classified as held-for-trade ("HFT") and are carried at fair value with unrealized gains or losses recognized in the consolidated statement of operations and retained earnings. Units in the mutual fund are recorded in the accounts at their net asset value per unit. Net asset value per unit is the market value of the investments in the fund portfolio divided by the total number of outstanding units in that fund. The adjustment necessary to record units at their net asset value at the year-end is shown as a change in restricted investment on the consolidated statement of operations and retained earnings.

g) Trust Investment

The trust investment is comprised of guaranteed investment certificates held by a trust company. This investment has been classified as held-to-maturity ("HTM") and is carried at amortized cost.

h) Asset Retirement Obligation (ARO)

The fair value of legal obligations to retire long-lived assets is recorded as an ARO with a corresponding increase in the carrying amount of the related assets. The recorded ARO increases over time through accretion charges to earnings. The capitalized assets are amortized to income consistent with the amortization of the related assets.

i) Future Changes in Accounting Policy

The Accounting Standards Board (AcSB) has announced that Canadian publicly accountable enterprises will be required to adopt International Financial Reporting Standards (IFRS) effective January 1, 2011. Although IFRS employs a conceptual framework that is similar to Canadian GAAP, there are significant differences in recognition, measurement and disclosure. The Council has undertaken a project to assess the potential impacts of the transition to IFRS and has developed and implemented a detailed project plan to ensure compliance with the new standards. The Council will adopt these new standards effective April 1, 2011.

3. Accrued Pension Benefit Asset (Liability)

The Council maintains a pension plan for its employees. Until December 31, 1990, it was a defined benefit plan. Effective January 1, 1991, the plan was changed to a defined contribution plan. The changes do not affect existing pensioners who will continue to receive benefits as granted. The latest actuarial valuation was performed as at January 1, 2010 by an independent actuary, AON Consulting (AON). This valuation has been extrapolated to March 31, 2010 by AON. A discount rate of 4.25% (2009 – 5.6%) was used in the calculation of the extrapolation. The pension plan has been valued using management's best estimates.

3. **Accrued Pension Benefit Asset (Liability) (Continued)**

The defined contribution plan asset had a market value of $17,775,000 (2009 - $15,118,000) at December 31, 2009. The value of the defined contribution plan assets and liabilities has not been extrapolated from December 31 to March 31.

By design, the liabilities equal the assets of a defined contribution plan.

The defined benefit obligation has been extrapolated from the January 1 actuarial valuation to March 31. The financial position of the defined benefit plan is as follows:

	2010 (000's)	2009 (000's)
Defined benefit asset at market value, January 1	$ 1,745	$ 1,602
Net change in asset value	(37)	(20)
Asset at market value, March 31	1,708	1,582
Defined benefit obligation at January 1	1,565	1,767
Net change in obligation	97	(83)
Obligation, extrapolated to March 31	1,662	1,684
Accrued pension benefit asset (liability), March 31	$ 46	$ (102)

The asset is comprised of London Life Investment Management Ltd. units of a segregated fund that holds units of Phillips, Hager & North Balanced Pension Trust Fund and Canadian Money Market Fund. The Balanced Pension Trust Fund and Canadian Money Market Fund have no fixed interest rate, and returns are based on the performance of the fund. The fair value of the investment is considered to be the market value.

Upon termination of the Plan, any accrued benefit asset remaining, after discharging all liabilities, shall belong to the Council. The accrued benefit asset may be distributed in a manner to be determined by the Council, at its sole discretion, after receiving prior approval in accordance with *The Pension Benefits Act, 1992*, the *Income Tax Act (Canada)* and the regulations thereunder.

The Plan is registered with the Saskatchewan Superintendent of Pensions (Superintendent) and is required to comply with *The Pension Benefits Act, 1992* (Act). The Act requires the Plan to obtain, every three years, an actuarial valuation that outlines its funding position and solvency position. The valuation summarizes whether the Plan's current assets and future contributions will be sufficient to pay the benefits granted under the Plan. The actuarial valuation for funding and solvency purposes prepared by Aon Consulting Inc. as at December 31, 2009 was filed with the Superintendent. The valuation disclosed a solvency surplus of $28,000 (2008 - $301,000 deficiency). In addition, the valuation disclosed a funding surplus of $180,000 (2008 - $165,000 deficiency).

The defined benefit pension plan recovery of $148,000 (2009 - $88,000) is the year over year change in the accrued benefit asset and obligation. The defined contribution pension plan expense (employer contributions) for the year was $1,066,000 (2009 - $916,000). The benefits paid from the defined benefit pension plan during the year totaled $253,000 (2009 - $310,000). Effective January 1, 2003 the Council is not being reimbursed for administrative costs incurred by the pension plan.

4. **Restricted Investment**

Restricted investment represents the Technology-in-Action Fund ("Fund"), which was established by the Council in 1994 when Mr. Ian Wahn made a gift to the Council, an agent of the Crown. The Fund was established to help the people of Saskatchewan develop their province as a highly skilled, fair, desirable and compassionate society with a secure environment through research, development and the transfer of innovative scientific and technological solutions, applications and services.

The Council received a binding ruling from the Canada Revenue Agency that accepts this as a "Gift to the Crown".

The Council maintains a separate account for the capital contributions and all investment income earned.

4. **Restricted Investment (Continued)**

The balance of the Fund at March 31 is as follows:

	2010 (000's)	Change (000's)	2009 (000's)
Capital contributions	$ 504	$ -	$ 504
Investment earnings	343	150	193
Technology grants, fund expenses	(206)	(20)	(186)
Total	$ 641	$ 130	$ 511

The capital contributions are invested in a Canadian balanced mutual fund. The balanced mutual fund has no fixed interest rate, and the return is based on the performance of the mutual fund. Additional units in the mutual fund are acquired when distributions are made by the mutual fund. Cash dividends are not paid by the fund; however, investors can realize changes in the underlying unit values by redeeming units. The investment earnings include the actual earnings of the investment and the year over year change in the market value of the assets.

5. **Property, Plant and Equipment**

	2010			2009
	Cost (000's)	Accumulated Amortization (000's)	Net Book Value (000's)	Net Book Value (000's)
Buildings	$ 675	$ 600	$ 75	$ 45
Leaseholds	11,774	6,736	5,038	4,575
Computers	3,468	2,747	721	786
Equipment	33,338	16,794	16,544	12,713
Automotive	467	293	174	111
Slowpoke Asset	1,467	804	663	847
Fermentation Facility	3,359	3,359	–	–
GenServe Equipment	548	548	–	–
Fermentation Upgrade	303	171	132	162
Land	11	–	11	11
Construction in Progress	3,383	–	3,383	549
	$ 58,793	32,052	$ 26,741	$ 19,799

Included in the cost and net book value of equipment is $196,000 (2009 - $208,000) of assets that were not amortized because they were not ready for use. Of this amount $187,000 (2009 - $187,000) relates to the Grant – Capital Enhancements funded assets and the balance of $9,000 (2009 - $21,000) is for standard equipment purchases and leasehold improvements.

6. **Line of Credit**

The Council was authorized by the Minister of Finance to establish a line of credit not to exceed $5,100,000. There is an assignment of the accounts receivable as collateral for bank indebtedness. Interest is charged on the line of credit at the Bank of Montreal prime rate.

As at March 31, 2010 the Council was not utilizing this line of credit.

7. Deferred Revenue

The Council received contributions for certain property, plant and equipment, which it records as deferred revenue until such time as the related assets are put in use and amortized. Revenue is recognized based on the amortization of the related assets.

a) Fermentation Facility

The Fermentation Facility is comprised of GenServe Equipment, Fermentation Equipment and the Fermentation Upgrade. The GenServe Equipment and Fermentation Equipment were funded by the Agri-Food Innovation Fund (AFIF). The Fermentation Upgrade was funded under the Western Economic Partnership Agreement by the Saskatchewan Ministry of Energy and Resources and Western Economic Diversification Canada.

b) Capital Enhancements

The Council received specific funding from the Province to replace aging equipment and acquire enhanced equipment.

	2010 (000's)	2009 (000's)
Current Portion		
Wheat DNA	$ 128	$ -
Microanalysis Centre	130	-
Fermentation Upgrade	30	30
Capital Enhancements	366	366
	654	396
Long Term Portion		
Wheat DNA	143	-
Microanalysis Centre	1,170	-
Fermentation Upgrade	102	133
Capital Enhancements	1,711	2,076
	3,126	2,209
Total Deferred Revenue	$ 3,780	$ 2,605

During the year, the Council recognized the following amounts as revenue based on the amortization of the related property, plant and equipment.

	2010 (000's)	2009 (000's)
Fermentation Facility		
GenServe	$ -	$ 57
Fermentation Upgrade	30	30
	$ 30	$ 87
Amortization of Capital Enhancements	$ 366	$ 366

8. Trust Investment and Asset Retirement Obligation (ARO)

The Canadian Nuclear Safety Commission's (CNSC) licensing conditions require that SLOWPOKE reactor owners have in place a decommissioning plan and a financial plan to cover the associated costs.

The fair value of legal obligations to retire the SLOWPOKE reactor is recorded as an ARO with a corresponding increase in the carrying amount of the related assets. The recorded ARO increases over time through accretion (interest) charges to earnings. The accretion expense is calculated using an interest rate that equates to a risk-free rate adjusted for the credit standing of the Council and is included in property, plant and equipment

8. **Trust Investment and Asset Retirement Obligation (ARO) (Continued)**

amortization. The capitalized assets are amortized to income consistent with the amortization of the related assets.

The determination of the ARO is based on the current estimated costs of decommissioning. The total undiscounted obligation at 2030 is $6,700,000 and the inflationary factor assumed in determining this amount was 2%. The obligation at year-end is $3,064,000 (2009 - $3,093,000). The Council decreased the obligation by $145,000 (2009 - $442,000) and recognized accretion expense of $116,000 (2009 - $119,000). The discount credit-adjusted risk-free rate, used to value the obligation in 2009 was reassessed to 3.99% (2009 – 3.75%). The eventual decommissioning is estimated to occur in 2030 and is estimated to require eighteen months to complete.

The Council conducted a sensitivity analysis and determined that a 1% decrease in the discount rate would increase the obligation by $653,000 (2009 - $698,000) and decrease the recognized accretion expense by $4,000 (2009 - $15,000). A 1% increase in the discount rate would decrease the obligation by $534,000 (2009 - $564,000) and increase the recognized accretion expense by $11,000 (2009 - $1,000). A five year reduction in the estimated decommissioning date would result in an increase of the obligation by $317,000 (2009 - $281,000) and an increase in the current year accretion expense by $20,000 (2009 - $7,000).

At March 31, 2010, the Council has invested $2,028,000 (2009 - $1,724,000) in a legal trust for the purpose of settling the ARO. This trust agreement is a condition of the operating license issued to the Council by CNSC. An initial investment of $500,000 was made in 2004. Investments of $260,000 were made in fiscal years 2006, 2007, 2008, 2009 and 2010. The terms of the trust agreement require the trust be invested in GIC's and require the Council to contribute to the trust account each year until the balance equals the original estimated decommissioning costs of $1.8 million. The funds cannot be used for any purpose without prior approval of CNSC. The Council will continue to work with CNSC to ensure that the trust adequately reflects the requirements of the plan.

9. **Related Party Transactions**

Included in these financial statements are transactions with various Saskatchewan Crown corporations, ministries, agencies, boards and commissions related to the Council by virtue of common control by the Government of Saskatchewan and non-Crown corporations and enterprises subject to joint control or significant influence by the Government of Saskatchewan (collectively referred to as "related parties").

Routine operating transactions with related parties are settled at prevailing market prices under normal trade terms except for the following:

During the year, the Council paid $4,392,000 (2009 - $4,424,000) to the Ministry of Government Services and Saskatchewan Opportunities Corporation (SOCO) for accommodation charges on buildings.

At year-end, the Council has lease commitments with SOCO requiring minimum lease payments of:

2011	$3,225,000
2012	3,115,000
2013	3,115,000
2014	3,115,000
2015	2,928,000

In 2010, the Council purchased supplies and services for $1,228,000 (2009 - $1,095,000) from related parties.

During the year, the Council recognized fee-for-service contract revenue of $13,770,000 (2009 - $4,883,000) with related parties.

As at March 31, the Council had $3,213,000 (2009 - $2,650,000) in related party accounts receivable.

The Council has $2,929,000 (2009 - $2,524,000) of deferred revenue from related parties as at March 31. Of the $2,929,000, $67,000 (2009 - $82,000) is related to the Fermentation Upgrade funding, $2,076,000 (2009 - $2,442,000) is related to the Capital Enhancements funding, $136,000 (2009 - $Nil) is related to the Wheat DNA funding and $650,000 (2009 - $Nil) is related to the Microanalysis Centre funding.

9. Related Party Transactions (continued)

The Council has $4,815,000 (2009 - $4,752,000) of unearned revenue from related parties, concerning fee-for-service contracts, as at March 31.

During the year, the Council provided general administrative services to the Saskatchewan Research Council Employees' Pension Plan without charge.

Other transactions with related parties and amounts due to/from them are described separately in the financial statements and the notes thereto.

10. Comparison of Planned and Actual Results

A comparison of actual to budgeted results for each line item on the statement of operations follows:

	Actual 2010 (000's)	Budget 2010 (000's)	Actual 2009 (000's)	Budget 2009 (000's)
Revenue:				
Contracts	$ 37,196	$ 35,951	$ 31,881	$ 36,390
Grant - General Revenue Fund	15,016	15,016	12,115	9,082
Grant - Fermentation Facility	30	95	87	429
Grant - Capital Enhancements	366	366	366	643
Interest revenue	148	100	483	100
Change in restricted investment	130	-	(142)	-
	52,886	51,528	44,790	46,644
Expenses:				
Salaries and benefits	23,747	25,931	21,516	21,947
Supplies and services	15,767	15,046	12,860	15,484
Accommodation charges	6,174	6,258	5,683	5,258
Amortization of property, plant and equipment	3,074	3,608	2,901	2,851
Amortization of Fermentation Facility assets	30	95	87	429
Amortization of Capital Enhancements funded assets	366	366	366	643
	49,158	51,304	43,413	46,612
Net income from operations	3,728	224	1,377	32
Defined benefit pension plan recovery	148	-	88	-
Net income	$ 3,876	$ 224	$ 1,465	$ 32

11. Financial Instruments

The Council's significant financial instruments consist of accounts receivable, accounts payable, salary, wages and vacation payable, sick leave benefits payable, and the trust and restricted investments.

Investments measured at fair value are categorized into one of three hierarchy levels, described below for disclosure purposes. Each level is based on the transparency of the inputs used to measure the fair values of assets and liabilities.

Level 1 – Values based on unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.

Level 2 – Values based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability.

11. **Financial Instruments (Continued)**

Level 3 – Values based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement.

Investments measured at fair value by the Council are all considered Level 2.

Credit Risk:

Credit risk is the risk of an unexpected loss by the Council if a customer or third-party to a financial instrument fails to meet its contractual obligations.

Until the Council's surplus cash is required to fund operations it is invested in a variety of highly rated, risk-free instruments such as guaranteed investment certificates.

The majority of the Council's receivables are from related parties, other government agencies and reputable, longstanding corporate clients. The Council also manages this risk by monitoring the credit worthiness of its customers and seeking pre-payment or other forms of payment security from customers with an unacceptable level of credit risk. At March 31, 2010, the Council had an allowance for doubtful accounts of $295,000 (2009 - $614,000). The decrease in the allowance for doubtful accounts is primarily due to improvements in current economic conditions.

Liquidity Risk:

Liquidity risk is the risk that the Council is unable to meet its financial obligations as they fall due. The Council ensures that there is sufficient capital in order to meet short-term business requirements, after taking into consideration cash flows from operations and the Council's holdings of cash and cash equivalents and the availability of the line of credit. The Council believes that these sources will be sufficient to cover short-term and long-term cash requirements.

Interest Rate Risk:

The Council's exposure to floating interest rate risk is generally limited to certain cash and cash equivalents. The Council's cash and cash equivalents include highly liquid investments with a term of one year or less that earn interest at market rates. The Council manages its interest rate risk on these investments by maximizing the interest income earned on excess funds while maintaining the liquidity necessary to conduct operations on a day-to-day basis.

Fair Values:

The fair values of the accounts receivable, accounts payable, salary, wages and vacation payable, and sick leave benefits payable approximate their carrying value due to the short-term nature of these instruments. The fair value of the restricted investment is considered to be market value, the calculation of which is detailed in Note 2. Due to the short-term nature of the trust investment, the cost plus accrued interest is considered to be equal to market value.

12. **Capital Disclosures**

The Council manages capital through assessment of current and future goals, and the capital requirement of these goals.

The Council's management considers its capital structure to consist of contributed surplus and unappropriated retained earnings.

The usage of this capital is restricted in accordance with *The Financial Administration Act, 1993*.

The Council is not subject to capital requirements.

Saskatchewan Research Council

2009-2010 Annual Report

Supplementary Information (unaudited)

Details of Revenue and Expense

Saskatchewan Research Council (Vote 35)

Mission Statement

The Saskatchewan Research Council's (SRC) mission is to help the people of Saskatchewan strengthen the economy with quality jobs and a secure environment. We do it through research, development, and the transfer of innovative scientific and technological solutions, applications and services.

SRC creates wealth through the responsible application of science and technology to assist Saskatchewan industry to be globally competitive.

Year ended March 31	**2010**
Transfers	
All expenses paid from this vote were transfers to the Saskatchewan Research Council.	
Saskatchewan Research Council (Vote 35)	$ 15,016

This program provides funding for the Saskatchewan Research Council:

(Thousands of dollars)	$000s
Revenue:	
Contracts	$ 37,196
Grants - General Revenue Fund	15,016
Grants - Fermentation Facility	30
Grants - Capital Enhancements	366
Interest revenue	148
Change in restricted investment	130
Total Revenue	52,886
Expenses:	
Personal Services	23,747
Travel	1,019
Contract Services	6,134
Communications	263
Supplies and Services	8,351
Accommodation Charges	6,174
Equipment, Other Capital Assets and Amortization	3,470
Total Expense	49,158
Net income from operations	3,728
Defined benefit pension plan recovery	148
Net income	$ 3,876

Expenses Detail

Personal Services

Unaudited list of individuals who received payments for salaries, wages, honorariums, and compensation for personal service.

	$000's
Anweiler, D.	96
Arnold, T.	198
Ashton, R.	59
Babich, K.	60
Ballantyne, B.	67
Baptiste, C.	55
Beaulieu, C.	51
Begrand, R.	80
Beisel, J.	96
Bell, B.	53
Berezitzky, R.	57
Boyle, B.	59
Bradley, J.	82
Bryce, K.	70
Buhl, R.	71
Chen, G.	56
Chorney, D.	71
Chrusch, L.	75
Creighton, S.	78
Currie, A.	52
Dick, R.	89
Dill, K.	53
Douglas, C.	84
Dube, M.	102
Edmison, T.	50
Emery, E.	63
Evans, V.	69
Exelby, D.	77
Farber, A.	58
Fletcher, S.	65
Freitag, N.	106
Friesen, A.	65
Gartner, B.	111
Giesbrecht, S.	79
Giesinger, J.	54
Gillies, R.	126
Gipman, K.	59
Godwin, B.	64
Gorgchuck, L.	95
Grewal, T.	61
Grier, D.	100
Grismer, K.	71
Hill, R.	77
Hill, S.	111
Hollmann, U.	54
Holsten, A.	120
Huang, S.	127
Huntley, F.	53
Hutchence, K.	79
Imran, M.	70
Ingerman, C.	103
Jackson, A.T.	65
Jackson, A.A.	54
Jackson, C.	84
Jako, C.	81
James, C	67
Jia, P.	69
Johnston, M.	114
Kelly, D.	214
Klettke, J.	56
Kniaz, D.	57
Knops, C.	63
Knorr, K.	119
Kostiuk, T.	60
Kristoff, B.	139
Kurucz, L.	65
Lang, K.	65
Lennox, E.	52
Lu, J.	55
Luo, P.	76
Lutley, D.	85
Lychak, J.	69
Lyons, B.	58
MacDonell, A.	88
Mak, T.	66
Mann, B.	62
Marshall, C.	52
McCubbing, M.	89
McGilp, L.	81
McIlmoyl, T.	114
McKibben, M.	69
McLean, G.	57
McVicar, G.	150
Merasty, R.	80
Merilees, J.	68
Millar, R.	79
Miller. L.	81
Millhouse, M.	63
Mircea, C.	85
Mohamud, M.	51
Moody, M.	67
Morphy, D.	126
Moser, P.	68
Mroske, L.	52
Muldoon, J.	185
Murray, C.	180
Nakutnyy, P.	64
Ng, J.	64
Nicolichuk, N.	67
Nyirfa, W.	183
Orosz, K.	54
Ortmann, R.	61
Pappas, E.	212
Paur, B.	105
Peter, N.	72
Polanski, D.	53

Personal Services (cont'd)

	$000's
Pretorius, J.	90
Providenti, M.	62
Radchenko, I.	60
Rai, R.	55
Ranganathan, R.	147
Ray, V.	64
Renouf, G.	69
Reynolds, M.	80
Rideout, K.	75
Riley, D.	52
Rispler, K.	61
Rodriguez, P.	73
Rondeau, R.	87
Schergevitch, P.	81
Schnell, B.	76
Schramm, L.	283
Schreiner, B.	134
Shatilla, N.	65
Sherwood, P.	65
Shi, R.	64
Sieber, R.	97
Simpson, M.	84
Simsic, C.	63
Smith, H.	62
Smudy, C.	228
Snook, V.	58
Song, X.	83
Sorley, D.	105
Soveran, D.	136
Spelay, R.	82
Stanek, B.	107
Subido, D.	61
Sulatisky, M.	123
Sun, R.	98
Tallon, M.	70
Taman, A.	81
Tamosiunis, C.	57
Thorpe, J.	94
Trapp, B.	51
Tremblay, B.	107
Ullah, B.	57
Vedachalam, S.	67
Wallace, K.	123
Wang, Z.	69
Wedewer, S.	86
Wheaton, E.	89
Whiting, M.	121
Wilkinson, J.	76
Wilton, R.	80
Winder, K.	79
Wittrock, V.	66
Woo, G.	87
Wright, D.	59
Young, K.	111
Yuen, W.	106
Zimmer, C.	68
Zimmer, J.	83

	$000's
Under $50,000	6,769
Payroll and pension remittances	3,264
Total Personal Services	23,747

Travel

Unaudited list of expenditures incurred by Members of the Legislative Assembly, employees and others who provided personal services.

	$000's
Minister's Travel	0
Employees and others	1,019
Total Travel	1,019

Contract Services

Unaudited list of specialized professional services.

	$000's
AECOM	1,811
Mapcon Mapping Ltd.	1,248
Uranium City Contracting Ltd.	951
Garven & Associates	195
MacPherson Leslie & Tyerman	178
Saskatchewan Opportunities Corporation	83
Bharadwaj, Dr. Lalita	71
Kutcher, David	67
Nadorozny, Dr. Nicole	66
Kelly Services (Canada) Ltd	52
Under $50,000	1,413
Total Contract Services	6,134

Communications

Unaudited list of expenditures related to promotion of programs; and non-promotional such as those related to exhibits, displays, and the printing of educational and informational materials and annual reports.

	$000's
Under $50,000	263
Total Communications	263

Supplies and Services

Unaudited list of payees for the acquisition of supplies and services used or required to carry out programs. The information below provides details for this category by supplier name. Some suppliers may be listed in more than one category based on the type of purchase.

	$000's
Action Office Interiors	60
Agilent Technologies Canada	84
ALS Canada Limited	143
Anachemia Science	185
ATS Scientific Incorporated	73
Avensys	88
Bio-Rad Laboratories (Canada)	63
Chemstations Inc.	58
Dell Computer Corporation	165
Delta Scientific Lab Products	114
Ecco Heating Products Ltd.	54
Fisher Scientific	129
Grand and Toy	56
Hologic Inc.	108
Saskatchewan Opportunities Corporation	334
Linde Canada Limited	123
Logomotion Promotional Product	76
Praxair Products Inc.	70
Saskatoon Fluid System	123
SaskTel	253
Sequenom Inc.	147
Univar Canada Ltd.	205
VWR International Ltd	185
Under $50k	5,454
Total Supplies and Services	8,351

Accommodation Charges

Unaudited list of payees for the rental, lease and maintenance of facilities.

	$000's
Saskatchewan Opportunities Corporation	4,004
Marsh Canada	159
Milligan Bio Tech	60
Ministry of Government Services	779
North Star Innovative Developments	477
SaskEnergy	153
SaskPower	174
Under $50,000	368
Total Accommodation Charges	6,174

Equipment, Other Capital Assets and Amortization

Unaudited list of payees for the purchase of equipment and other assets used in the delivery of programs. The information below provides details for this category by supplier name. Some suppliers may be listed in more than one category based on the type of purchase.

	$000's
Agilent Technologies Canada	133
Applied Biosystems	336
ATS Scientific Incorporated	104
Beckman Coulter Canada Inc	273
Bio-Rad Laboratories (Canada)	102
Black and MacDonald Limited	207
BMG Labtech	107
Bruker Axs Inc.	271
Cameca SAS	1,356
Capital Industrial Sales	58
Carmont Construction	99
Cover-All Building Systems	71
Dell Computer Corporation	138
Denton Vacuum	52
Dionex Canada Ltd.	59
Dunmac General Contractors	459
Folio Instruments Inc.	76
Genesis Architecture & Engineering	595
Genivar	85
Wheaton Pontiac Buick Cadillac GMC Ltd.	56
Graham Construction	314
Haid General Construction	170
Humboldt Electric	104
Illumina Inc	141
Isomass Scientific Inc.	176
K Bioscience	403
Kaverit Cranes & Services	76
Lab Sphere Inc.	140
Logitech Ltd.	541
Mr. Asphalt	75
Peak Mechanical	250
Polysius Corporation	288
Saskatchewan Opportunities Corporation	91
SCL Instrumentation Inc.	115
Stantec Architecture	78
Teledyne Isco Inc.	161
Thermo Fisher Scientific Inc.	110
Venables Machine Works Ltd.	96
Westridge Construction	143
Under $50,000	1,907
Equipment and Other Assets purchased	10,016
Difference between cash purchases and amortization of capital assets	(6,546)
Depreciation/Amortization Expense	3,470